Weekend FT

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FINANCIAL TIMES

Weekend August 29/August 30 1992 EUROPE'S BUSINESS NEWSPAPER D 8523A

CBI predicts no UK upturn until mid-1993

By Emma Tucker, Economics Staff

OUTPUT in the UK will continue to fall for the rest of this year and there will be no significant recovery until at least the middle of 1993, the Confederation of British Industry predicted yesterday.

The CBI's latest pessimistic appraisal of the economic outlook coincided with the announcement of further big job losses in two leading British companies.

Jaguar, the luxury car maker owned by Ford, announced it was to cut 700 jobs while Swan Hunter, the Tyneside shipbuilder, said a lack of new orders was forcing it to make more than 1,400 workers redundant.

The sharp downwards revision to the CBI's growth forecast and the new manufacturing job losses highlighted the weakness of the economy at a time when the government may come under renewed pressure to raise interest rates to protect the pound.

The CBI now expects gross domestic product to fall by 1 per cent this year and to increase by 0.7 per cent in 1993. This compares with forecasts in May of 0.9 per cent growth for 1992 and 2.9 per cent in 1993.

The CBI said a 1 percentage point increase in base rates this year would reduce its forecast for GDP growth in 1993 by 0.2 percentage points. Its present forecast assumes base rates will be cut by ½ point to 9.5 per cent in the second quarter of 1993 as other European rates come down.

The CBI also said order books had weakened since May and that manufacturing output is expected to fall over the next four months. The August industrial trends survey conducted at the beginning of the month showed that only 9 per cent of manufacturers reported above-normal order books.

Mr Sudhir Junankar, an economist at the CBI, warned that the latest forecast could turn out to be too optimistic if interest rates are raised to protect sterling. The projections were also subject to the risks of a further weakening of the housing market, which would dent consumer confidence, and slow world growth which would harm exports.

The CBI expects the weakness of the economy to bring retail price inflation down to just over 2 per cent by the end of next year. Unemployment is forecast to touch 3m by the end of next year and a further 200,000 jobs are expected to be lost in manufacturing. Swan Hunter's decision yesterday to cut jobs will reduce its workforce by almost a half.

The Treasury said the deterioration in output expectations was "hardly surprising given the widespread gloom about the state of the economy in recent weeks".

Mr Gordon Brown, shadow chancellor, criticised the government for its refusal to take action to help revive the economy.

Business expects fall in output; Job loss details, Page 5

Italian lira pushed through floor against D-Mark

EC ministers rule out realignment of ERM

By Peter Marsh and James Blitz

EUROPEAN Community finance ministers last night ruled out a realignment of the European Monetary System's exchange rate mechanism, after a tense day on currency markets in which the EMS suffered its most severe strain in five years.

The ministers' statement came after investors switched more funds into the D-Mark, forcing the Italian lira through its ERM floor against the German currency.

The stronger D-Mark also put more pressure on other weak EMS currencies such as sterling and the French franc, and increased the likelihood of Italy, the UK and France being forced to raise interest rates to defend the value of their currencies.

The EC finance ministers said that "a change in the present structure of central rates would not be the appropriate response to the current tensions" in the EMS's 10-currency exchange rate mechanism.

The statement was co-ordinated by Mr Norman Lamont, the UK chancellor, in his capacity as current president of the European council of finance ministers. He took soundings earlier yesterday from the other 11 EC governments, and talked by telephone to Mr Michel Sapin and Mr Theo Waigel, the finance ministers of France and Germany.

The remarks by the ministers were seen in the currency markets as an effort to prevent further investor selling of the weak currencies in the EMS, in favour of the D-Mark.

Mr Lamont tried to amplify the statement's effects by saying it "demonstrates the willingness of our European partners to co-operate intensively to maintain stability in the financial markets. Membership of the ERM remains the cornerstone of Britain's anti-inflationary strategy."

Mr Sapin said the EMS "will remain a fundamental point of stability in the international monetary system".

Last night the D-Mark closed in London at the top of the EMS grid for the first time since late 1989. The last time the strong D-Mark caused such acute pressures in the EMS was in 1987, shortly before the last broad realignment of currencies in the system.

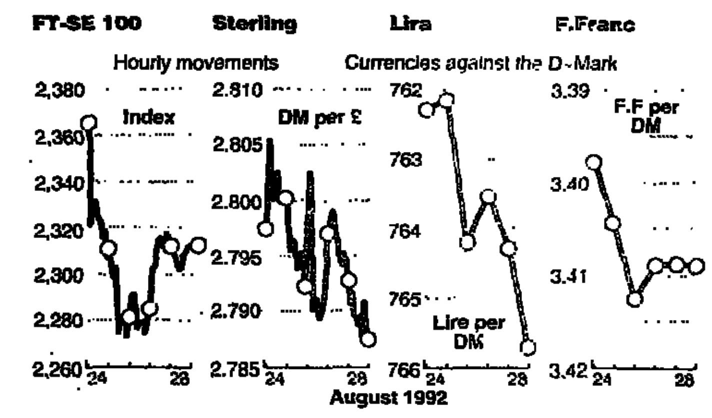
Yesterday the lira slipped below its EMS floor of L765.4 to the D-Mark. That triggered action under EMS rules by the central banks of Italy, Germany and Belgium to buy lire for D-Marks to prevent further weakening.

Despite the intervention, the lira closed in London at L765.7 to the D-Mark, just below the floor. This value was reached after the end of EMS trading at 4pm London time, after which EMS nations are not required to support the system's currencies.

The pound also traded weakly, losing ½ pfennig against the D-Mark to close at DM2.7875, about 1 pfennig above its DM2.778 floor. The French franc closed at FFr3.409 to the D-Mark, unchanged after coming under pressure during the day. Against the dollar, the D-Mark gained less than ½ pfennig, closing at DM1.4070.

The Dutch government increased money market rates by 0.1 percentage points to strengthen the guilder against the D-Mark.

In the past two weeks, the D-Mark has risen strongly against other EMS currencies and the dollar. That has happened partly because of high German interest rates and also because many investors believe the move towards economic and monetary union may collapse.



Japan unveils rescue package for economy

By Steven Butler in Tokyo

THE JAPANESE government yesterday approved a Y10,700bn (£43bn) emergency package aimed at reviving economic growth and rescuing the nation's financial system from crisis.

The package is the largest in Japanese history, amounting to 2.3 per cent of gross national product. Government economists estimated the measures would add 2.4 per cent to economic growth in the 12 months from October.

The emergency measures were drawn up amid mounting concern that plunging land and stock prices, along with weakening demand throughout the economy, were jeopardising the stability of the financial system.

Stock market investors greeted the package enthusiastically yesterday, with the Nikkei average rising 415.79 to 17,970.79. Prices have rebounded 25.6 per cent in the last eight trading days, when news of the package began to leak out.

The package consists of Y8,600bn of public investment, including road and airport construction, and a government plan to purchase land. The balance of the total, or Y2,100bn, comprises loan provisions from the government to promote private investment.

Economists said the package's direct contribution of new government spending to gross national product would be about Y5,200bn. The package could add 0.6 or 0.7 per cent to economic growth in the current fiscal year, although most economists believe economic growth is likely to be closer to 2 per cent than to the government's growth target of 3.5 per cent.

Full enactment of the measures will require a supplementary budget, expected to be submitted to the Japanese Diet in October or November. Government officials said they did not yet know how much in additional funds would have to be raised by issuing government bonds.

The package offered little concrete help for Japan's troubled banking sector, which has been hobbled by a huge burden of bad debt that analysts believe may now total Y30,000bn. The government is nonetheless committed to draw up measures by December to help banks remove bad debt from their books.

Billions of yen from government-managed investment portfolios are also being made available for stock market investment, although it is unclear how much of the funds will eventually be used to purchase shares.

The deep difficulties facing the economy were underscored yesterday when a range of leading industrial and commercial companies revised down earnings estimates for the current fiscal year, just after the market closed.

BA and USAir plan to fly under common colours

British Airways and USAir, the ailing US carrier in which the UK airline wants to invest $750m for a minority stake, could be flying under common colours within three or four years of the deal taking place, according to documents filed in the US.

In New York yesterday, BA confirmed that, from a user's standpoint, the two airlines could look almost identical. Page 22

Panic backs conference accords: Serbian President Slobodan Milosevic will be forced to resign if he does not implement the accords reached at the London conference, Milan Panic, prime minister of the rump Yugoslavia, said. Page 22; World looks to Panic, Page 3; A framework but no fine print, Page 7

Hafnia, Danish insurance and banking group which has sought protection from creditors, strengthened the solvency of insurance operations with a DKr1bn ($177m) asset transfer. Page 10

Nissan Motor, Japan's second-largest car maker, this year expects to incur its first loss since 1946. In an unprecedented move it is omitting its interim dividend. Page 10

London's landmarks under wraps

As Britain enjoys the summer's final holiday weekend, many of the capital's landmarks, such as the Palace of Westminster's Victoria Tower, are shrouded in scaffolding. As one tourist complained: "We wanted to take some photos ... but it will look like we have visited a building site." Page 5

Germany braced for more riots: Germany braced itself for a weekend of continued violence as leftist groups rallied forces against the extreme right-wingers who have run riot in Rostock for the past five nights. Page 3

Russia warns it cannot repay debt: Russia can repay "no more than $2bn" of its foreign debt this year, the republic's acting prime minister Yegor Gaidar said. Page 4

Audi, quality car division of Volkswagen, reported a 13 per cent fall in first-half pre-tax profits from DM364m to DM315m ($225m). Page 10

Lloyd's wins vote of confidence: Senior officials of Lloyd's of London won a resounding victory over angry underwriting members in a confidence vote called after the insurance market suffered huge losses. Page 22

Ford-Werke, US vehicle maker's German subsidiary, reported pre-tax profits of DM525m ($375m) in the first half, compared with DM517m, but forecast a continuing decline in the German car market. Page 10

Hurricane may cost $8bn: A leading US insurance company estimated the industry could face losses of $8bn to $10bn as result of Hurricane Andrew, which left a five-day trail of destruction in Florida and Louisiana. Page 3

Aegon, second-biggest insurance group in the Netherlands, posted an 11.2 per cent rise in first-half net profit to Fl 463.4m ($281.1m) from Fl 416.9m. Page 10

US litters Iraq with threats: US military aircraft began dropping leaflets on Iraqi bases threatening punitive action if there was any challenge to the air exclusion zone. Page 4

Food into fuel: Energy equivalent to 10m tonnes of coal could be produced if all the land used for over-producing food in the UK were planted with an energy crop. British Association for the Advancement of Science, Page 5

Bank of America denied issuing or accepting fraudulent Bankers' Receipts, or violating the Reserve Bank of India's guidelines, as suggested in an official report. Page 4

Billionaire Ludwig dies: Daniel K Ludwig, who died at the age of 95 in New York on Thursday, was a reclusive billionaire who made a fortune as one of the first builders of big oil tankers.

The Financial Times will not be published on Monday August 31 because of a UK public holiday.

STOCK MARKET INDICES

FT-SE 100:	2,312.6	(+1.0)
Yield	5.23	
FT-SE Eurotrack 100	1,013.54	(−3.60)
FT-A All-Share	1,096.99	(−0.0%)
Nikkei	17,970.79	(+415.79)
New York lunchtime:		
Dow Jones Ind Ave	3,269.23	(+14.59)
S&P Composite	414.89	(+1.36)

US LUNCHTIME RATES

Federal Funds:	3¼%
3-mo Treas Bills: Yld	3.219%
Long Bond	98 3/32
Yield	7.404%

LONDON MONEY

3-mo Interbank	10⅝%	(10⅝%)
Liffe long gilt future:	Sep 94½	(Sep 94⅝)

NORTH SEA OIL (Argus)

Brent 15-day (Oct)	$19.675	(19.675)

Gold

New York Comex (Sep)	$339.9	(339.2)
London	$340.0	(339.4)

STERLING

New York lunchtime:		
$	1.982	
London:		
$	1.982	(1.978)
DM	2.7875	(2.79)
FFr	9.5025	(9.51)
SFr	2.495	(2.5)
Y	244.25	(247.0)
£ Index	92.0	(92.1)

DOLLAR

New York lunchtime:		
DM	1.40775	
FFr	4.797	
SFr	1.259	
Y	123.335	
London:		
DM	1.407	(1.4105)
FFr	4.795	(4.808)
SFr	1.2595	(1.264)
Y	123.25	(124.85)
$ Index	58.8	(58.9)
Tokyo close Y 123.6		

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NatWest to correct erroneous accounts

By Robert Peston

NATIONAL Westminster Bank last night said it had made a mistake in accounts it had filed with the US Securities and Exchange Commission and would have to reissue them.

The original accounts had shown that Britain's second biggest bank was having far worse difficulties in collecting mortgage payments than any other UK bank.

Brokers said yesterday that a fall of almost 10 per cent in the bank's share price last week was partly the result of these apparent loan problems.

But last night, Mr Ray Cottle, NatWest's chief accountant, said the problem loans in the accounts had been overstated by £300m, adding: "It's an absolute cock-up."

He said there had been "double-counting". He plans to reissue the accounts, showing that the deterioration in the mortgage book has been in fact far less severe.

The accounts were filed with the SEC, regulator of the US securities industry, on August 11. They indicated a dramatic rise in the number of loans on which interest was overdue.

They showed that at June 30 the bank had £1.1bn of loans on its balance sheet whose interest payments were more than 90 days overdue. This compared with £513m at the end of last December.

But the matter seemed to be even more serious, because the loans in trouble appeared to be almost entirely mortgages. Up to now, mortgages have been the one category of loan on which the banks have suffered relatively small losses.

In a note to the accounts, NatWest said the deterioration was "substantially attributable to National Westminster Home Loans, reflecting the impact of the recession on the UK economy".

UK stockbroking analysts last week obtained copies of the accounts. After they spotted the apparent deterioration in the loan book, some of them became alarmed that NatWest would continue to suffer from a far higher level of bad debts than they had thought.

This pessimism was in part responsible for the fall in NatWest's share price during the week of almost 10 per cent, from

Continued on Page 22

Swiss police start hunt for Lloyds Bank employee, Page 8

Single-sex city day schools top the rankings

THE SINGLE-SEX city day school is now the typical top-notch private school, according to the 1992 FT-500 survey of the independent education sector, writes Andrew Adonis. Many of the top schools are former direct-grant schools which were effectively part of the state system until the mid-1970s.

That is the key conclusion to be drawn from this year's A-level results in the independent sector in England and Wales. Only one of the top 50 – The King's School, Canterbury – is co-educational throughout. Nearly three-quarters of the top 100 are predominantly day schools, and nine-tenths are single-sex, though some are boys' schools with girls in the sixth form.

Westminster School, London, heads the list. Many leading public schools performed better this year than last, yet famous names still languish far below. Rugby, Halleybury, Repton, Clifton and Lancing are all ranked below 100.

The results are based on a survey by the Independent Schools Information Service.

Independent Schools – the FT 500, Weekend VIII-IX

CONTENTS

THE JAPANESE ECONOMIC PACKAGE

Tokyo rises at last to the crisis of confidence

By Steven Butler in Tokyo

THE Japanese government has in the last 10 days rediscovered the lost art of charming the stock market.

Starting with Finance Minister Tsutomu Hata's measures to support the banking system announced late on August 18, a steady flow of official and leaked reports about measures to help the economy has risen in crescendo day after day to the delight of investors.

This week the reported size of the government's package of emergency fiscal measures to be enacted in October has miraculously leapt from a base point of Y6,000bn (£24.2bn) by Y1,000bn a day to an official figure announced yesterday of Y10,700bn. That is the largest economic emergency package in Japanese history, even as a percentage of gross national product – 2.3 per cent.

The Nikkei stock market average has put on 25.6 per cent in just eight days of trading to close yesterday at 17,970.79 points. Just as important, trading volume, at 850m yesterday, has swollen to a point that securities houses can contemplate making a profit again.

After months of dithering, and trying to sweet-talk sceptical investors that the Japanese economy was suffering from nothing more than a lack of confidence, the government finally accepted that Japanese financial markets, and the economy, were slipping into the danger zone.

Capital investment and consumer spending have been plunging. Confidence in the banking system, burdened by perhaps Y30,000bn of current non-performing loans, was eroding quickly with each lurch downward of the stock market, which eroded the capital base of the banks.

Dangers of a financial crisis were becoming more apparent by the day.

Yesterday the government acted, and the reaction in the markets shows enormous confidence that it is finally doing something right. Is it?

The government's package can be divided into three areas: fiscal measures, direct measures to help the financial system, and monetary policy.

● Fiscal measures: The Y10,700bn price tag attached to the package is eye-catching but misleading. It includes Y1,550bn to add property to the government's land bank for public works, a component which contributes nothing directly to the gross national product; the government hopes it will inject sorely-needed liquidity into the property market. Likewise, the economic impact on economic growth of Y2,000bn of increased lending for small businesses, which may or may not be taken up, is difficult to gauge.

Direct fiscal spending measures will include Y3,900bn in central government public works spending, Y1,800bn in local government public works. Mr Toshio Koyano, general manager at DKB Research Institute, calculates that all the measures could reliably add Y5,200bn to spending in the fiscal year. Adding in the multiplier effect, he estimates a boost to GNP of 0.6 per cent this year. Other economists put the figure slightly higher.

To fund this, the government will issue bonds – it has yet to decide on what scale – which will take money from elsewhere in the economy, possibly pushing up interest rates.

"It should add about 1 per cent to GNP [this fiscal year] if you believe in Keynes, and downward from there if you don't," says Mr Geoffrey Barker, economist at Baring Securities.

Most private economists believe the package will not have any significant impact beyond building confidence until the first quarter of the next calendar year, and that economic growth this fiscal year will fall shy of 2 per cent - far short of the government's original target of 3.5 per cent. DKB is estimating 2.9 per cent.

"The package is six to nine months too late," says Mr Russell Jones, analyst at UBS Phillips & Drew. It was, none the less, a case of better late than never.

Mr Robert Feldman, economist at Salomon Brothers Asia says: "I think it will work because they are talking about spending a large amount of money in a short period of time."

The point of the package is to kick-start the economy, to halt the spiralling deterioration in demand caused by the build up of inventories and the steady decline of capital spending. The labour market has been softening, personal income growth is weak and consumer spending is down.

The package may be slow to be felt, and the stock market, in particular, will be in for many more shocks such as yesterday's announcement (after the market closed) by Nissan Motors that it would incur a pre-tax loss in the current fiscal year, and pass its interim dividend.

Mr Koyama says: "The package will be more than enough to push the Japanese economy back to the normal track [of growth]."

None the less, as Mr Jones says: "The economy is still going to grow below its potential rate for the next two years."

● Financial system support: Hanging inside Tokyo subway cars this week was was an advertisement for the Shukan Bunshun magazine, highlighting an article entitled: "Why does the Finance Ministry only help the banks?" The subtitle: "Savers face losses."

Bailing out the banks for imprudent lending is a politically charged issue, and yesterday's package said only that measures would be worked out in the coming months. The government cannot be seen to be letting banks off the hook, and use of government money for investment or cheap finance is controversial. But confidence is growing that something will be organised to help banks get bad loans off their books, enabling them to support the expected recovery in the economy.

Mr Tsuneo Wakai, chairman of Japan's banking federation and president of Mitsubishi Bank, said this week that the banks themselves were working on a plan to set up a corporation to purchase land currently being held as collateral for bad loans. The banks should do this with their own capital, and not rely on the government, he said.

While this is the politically correct attitude, it is also unrealistic, since there is little point in banks simply shifting bad assets to a company which they own. It only works if the government provides subsidised loans or tax breaks. With banks taking the initiative and shouldering real losses, however, preconditions could be set for the government to provide help.

Mr Feldman says: "The rescue has to be organised in such a way that keeps everyone's feet to the fire. It is a nice compromise between moral hazard, and the fact that the financial system cannot be allowed to fail."

There has been talk of subsidised loans from the central bank in the order of Y10,000bn to Y15,000bn yen. However it is done, the willpower to act looks in place, with the Finance Ministry evidently willing to contemplate steep sacrifices in tax revenues.

● Monetary Policy: To cut or not to cut is the question. Mr Kozo Watanabe, minister of international trade and industry and guardian of the manufacturing sector, recently dismissed the suggestion that interest rates be cut. With the official discount rate cut in late July to 3.25 per cent, a further reduction threatens to provoke a backlash from pensioners who have watched their income decline.

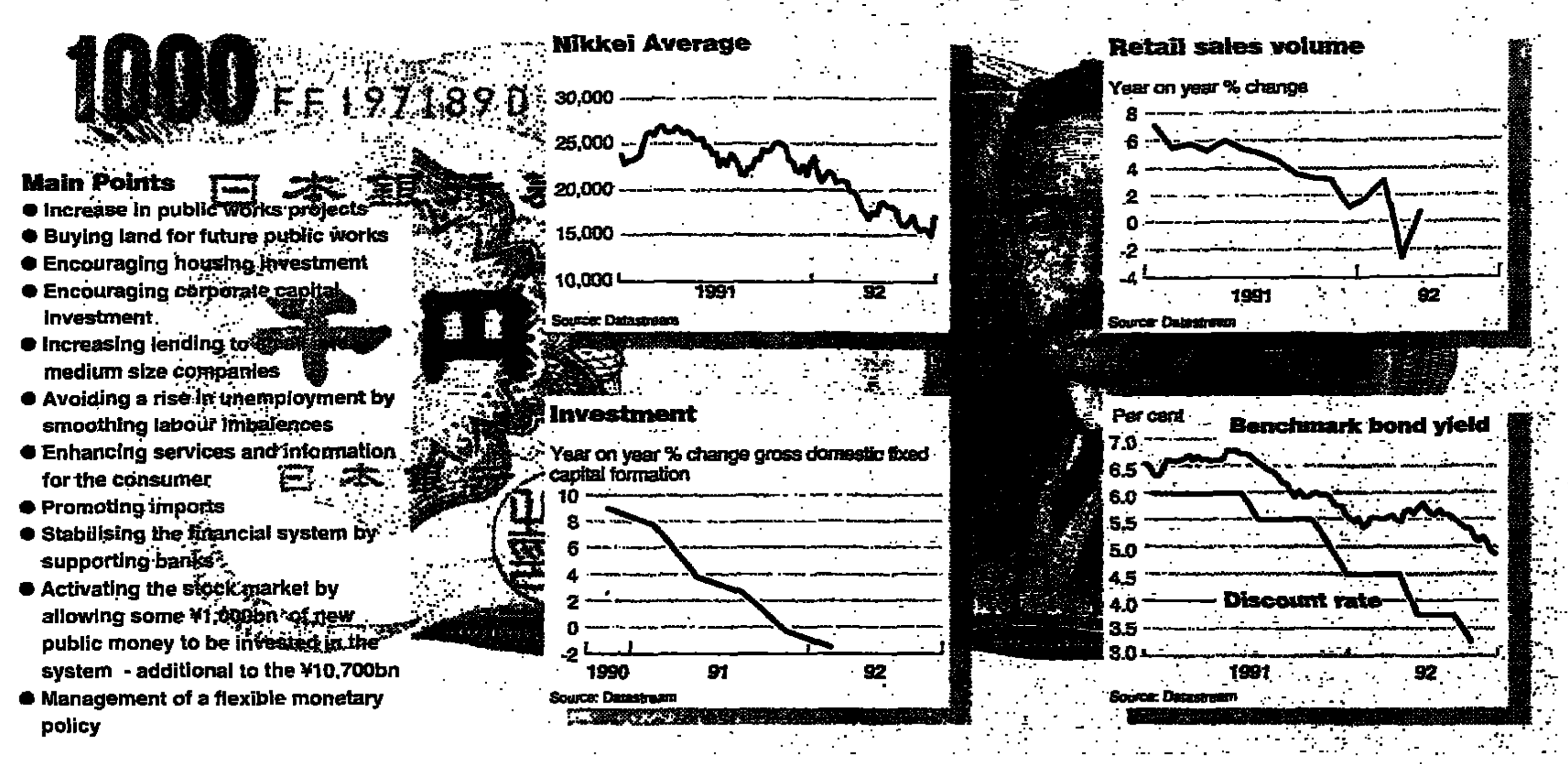
Mr Feldman argues that interest rates are not in themselves too high to support a recovery. Lower interest rates would help to boost bank profits and improve liquidity in the banking system, but there are direct ways to help the banks without a general interest rate cut. Mr Koyano also argues that the size of the fiscal package will provide enough of a stimulus so that the central bank can sit and watch.

However, Mr Barker argues that the fiscal package will not work unless the central bank accommodates the spending by encouraging greater growth in the money supply, currently at a historic low, by lowering interest rates again. This is needed to reverse the sag in consumer spending.

"It was a monetary inflation that caused the bubble economy," says Mr Barker.

"It was a monetary squeeze that got us into this (recession). And it will be a monetary relaxation that gets us out again."

Japan economic package ● Total worth ¥10,700bn ● ¥8,600bn on public works ● ¥2,100bn on lending and investment



Pump-priming welcomed on Wall Street

By Martin Dickson in New York and Peter Marsh in London

WALL STREET economists yesterday welcomed the Japanese pump-priming package as a strong stimulus to growth in the domestic economy which could have a significant global knock-on effect.

"Its larger than the market expected, both in cosmetic and substantive terms," said Mr John Lipsky of securities house Salomon Brothers.

"I'm glad to see someone, somewhere in the world, realises that growth is important," said Mr Bob Brusca, an economist at Nikko Securities in New York, who has persistently criticised the White House and US Federal Reserve for not doing more to stimulate US economic growth.

Analysts said the move should help the world economy by boosting Japanese demand for imports and lowering the country's huge balance of payments current account surplus.

The yen immediately gained against the dollar. Some analysts said this movement might peter out if scepticism grew about the package, but others suggested the currency would continue to strengthen over the longer term.

"We expect the yen to reach new heights against the dollar and move higher against European currencies," said Mr Lipsky.

The Japanese move is not expected to have much immediate, direct effect on US markets.

Analysts said it could lead some fund managers to switch the weighting of portfolios more strongly into Japan. But they noted that US markets, preoccupied by domestic considerations, did not suffer much fall-out during the Tokyo stock market's long decline and were unlikely to register significant gains from a Japanese bounce back.

Reaction in London was more muted. The measures were expected to have little direct effect on the European economy, although it was suggested they might boost investors' confidence.

Mr Gerald Holtham, chief economist at Lehman Brothers International, the US-owned investment bank, said: "The measures may diminish the impact of the recession in Japan, but will do little to add to private investment in Japan or pull in imports. The Japanese are basically filling in a hole, rather than building a hill."

> The move should help the world economy by boosting Japanese demand for imports

Mr George Magnus, international bond economist at SG Warburg Securities, the London investment house, said the impact of the package would not be as great as it seemed. "It looks like a big 'un, but in reality only about two thirds of the package will count for new spending that will give the Japanese economy a fiscal boost. The spillover effects to Europe will be limited."

Mr Brendan Brown, head of research at Mitsubishi Finance International, the securities arm of the Japanese bank, said: "The measures will bolster the Japanese financial system, and that will be good news for Europe. It will mean there is less of a risk of a large claw-back of investment by Japanese groups from Europe, which is likely to help the markets."

Mr Paul Chertkow, head of global currency research at UBS Phillips and Drew, the Swiss bank, said the package would "do very little" for Europe.

The economic measures in detail

By Emiko Terazono in Tokyo

THE Japanese government's economic package, announced yesterday, comprises the following measures:

● **Expansion of public works spending totalling Y8,600bn.** In order to stimulate demand, the government will provide an additional Y3,400bn to general public works, Y500bn for disaster relief, Y550bn for spending on cultural, educational research facilities, Y550bn for advance land acquisitions by public institutions, Y1,800bn for regional public works, Y1,000bn for local governments' advance purchases of land for public works projects, and an Y800bn increase in public housing loans.

● **Advance acquisition of land for future public works.** Although in previous economic support measures, land acquisitions were kept at minimum levels, the current stagnation of the property market has prompted the government to try to activate land transactions through purchases by public funds.

Of the Y8,600bn, the amount allotted to advance land purchases totals Y1,550bn. This will include Y1,000bn for purchases by regional public institutions, Y150bn for public corporation purchases, Y250bn for special accounts spending and Y150bn for the treasury account.

● **Increasing housing investments.** The sharp decline in housing purchases by individuals has contributed to the slump in the property market. The Y800bn increase in public housing loans, included above in the Y8,600bn, is aimed at enhancing housing and land purchases. Housing eligible for housing loans by the Housing Loan Corporation will be increased by 10,000 units. The plan includes easing of terms of lending for new and used houses and parking lots.

● **Encouraging corporate capital spending.** The government will aim to encourage capital spending by increasing the Japan Development Bank's lending quota for labour saving investment by Y900bn. Although not included in the Y8,600bn, the government hopes that additional spill-over effects of tax breaks for the promotion of equipment investment will total Y1,000bn, and frontloading of capital investments by Nippon Telegraph and Telephone and other utilities such as electric power companies, will amount to Y700bn.

● **Revitalising small and middle sized corporations.** For small and middle sized enterprises, the government will expand lending provisions at government affiliated financial institutions by Y1,200bn.

The government will also promote computer investments and investments to rationalise operations at the small-sized companies by offering tax incentives and accelerated depreciation.

● **Unemployment measures.** The government will avoid unemployment by smooth collection and analysis of information in labour shifts. Job training, transfers, and temporary suspensions will be also be implemented to sustain employment.

● **Enhancing services and information for the consumer.** The government will respond to sluggish consumer demand by researching with private sector companies to find new products, easing consumer credit, and activating demand through promotional events.

● **Promotion of imports.** The government will promote imports through the development of foreign trade terminals, strengthening import promotion capabilities of the Japan External Trade Organisation, expansion of import financing measures, use of imported goods for government facilities, and strengthening the Office of Trade Ombudsman.

● **Stabilising the financial system.** The measures to support the country's ailing banks, announced on August 18 by the ministry of finance, were reconfirmed. In addition, the government will ask banks to compile specific plans this year for establishing a joint entity which will buy land held as collateral against problem loans.

The government reiterated that preferential tax treatment will be provided to financial institutions which write off assets, and that problem assets at the banks are to be disclosed at the end of this fiscal year. It also called for the early restructuring of non-bank financial institutions and housing-loan companies facing mounting problem debts.

To prevent banks from curbing corporate lending, the government will promote additional measures which will raise the banks' capital, and cut assets.

● **Activating the stock market.** The government aims to stimulate the stock market by allowing additional public funds to flow into stock market. The government will also limit the additional supply of new shares into the market by suspending government offerings of former state owned companies. Revitalisation of individual investor activity is also anticipated.

Limitations on stock investments of public funds such as postal savings and postal insurance funds will be abolished. An additional Y1,120bn, will be provided by the Fiscal Investment and Loan Programme, raising the potential amount of public funds which could be invested in the stock market to Y2,820bn. Loan trusts, savings vehicles offered by trust banks, will be allowed to invest in the stock market.

Sales of shares of Nippon Telegraph and Telephone, the former state owned telecommunications company, currently held by the government, will be suspended for the two fiscal years to March 1994. Sales of two state owned corporations, JR East, the railway operation, and Japan Tobacco, will also be suspended for the current fiscal year to March 1993.

Individuals, who have failed to return to the stock market due to the sharp decline in investor confidence, will be encouraged to invest in shares again, through long-term investment products, lower minimum trading units of shares, and accumulative stock investment schemes.

To activate the corporate bond market, the government will eliminate laws limiting issuance of corporate bonds, and will abolish the system whereby every corporate issue has to have a bank acting as the agent. Laws banning a company's purchase of its own shares will also be reviewed.

In addition, brokers will be expected to promote stocks by abiding rules set by the securities dealers' association, and financial institutions will be requested to refrain from selling stocks to realise unrealised gains on share holdings.

Authorities will review futures and options trading, which is seen as having distorted the underlying stock market.

● **Implementation of a flexible monetary policy.**

Tsutomu Hata, Japan's finance minister: presided over formulation of the country's biggest ever economic emergency package

$5bn boost to imports in next 18 months

By Gordon Cramb in Tokyo

IMPORT promotion measures in the Japanese government's economic package will boost shipments of foreign goods to Japan by up to $5bn (£2.52bn) in the next year and a half, the Ministry of International Trade and Industry (Miti) estimated last night.

Mr Yoshinobu Nisaka, director of Miti's import division, solemnly said the country's swollen trade surplus meant that "every day, day in and day out, painful days continue" for his ministry. But yesterday's measures will do little more than scratch the surface of a trade surplus set to exceed $100bn this year.

The surplus has grown largely because of a fall-off in imports as Japanese industry has cut equipment purchases and as consumer ardour for high-priced European or US goods has cooled.

US trade officials in Tokyo said Washington had pressed for an import component to the package, including an explicitly international procurement policy by the Japanese government in supplying public sector needs.

This followed reports that the Bush administration had sent a diplomatic note reminding Japan of its commitments under the bilateral Structural Impediments Initiative, and seeking state purchases of US-made computers and other products.

Some such provisions were included yesterday, after what was said to have been a tussle between Miti and the Japanese Finance Ministry, which tried to hold down the size of the package and was, anyway, more concerned about the domestic economy.

Mr Nisaka denied their eventual inclusion was in response to US pressure, while adding that reflation of the economy which the package aimed to achieve would inevitably generate increased imports. "However, we were aware that this will take time, so we wanted to incorporate some direct measures," he said.

The government is allocating just $250m in additional funds to procure foreign goods – mainly experimental, research and medical equipment. The country's import infrastructure is to be improved through an unspecified level of extra investment in ports and airports, and a more streamlined bonding system for cargo.

Interest rates on state-backed trade credits and facilities investment loans are to be eased, by a half percentage point in the case of the Japan Development Bank.

Long-term effectiveness of government action remains to be seen

By Emiko Terazono in Tokyo

WHILE official announcements, press leaks and rumours about the government's economic measures during the past two weeks have changed Tokyo stock-market sentiment radically, the long-term effectiveness of the government's direct measures to shore up share prices remains to be seen.

The Tokyo Stock Exchange and the Japan Securities Dealers' Association welcomed the measures, but some analysts were sceptical on whether pumping new money into stock investments would succeed.

The short-term measures aim to increase demand while suppressing extra supply. On the demand side, the amount of public funds, such as postal savings and postal insurance funds, that can be invested in the stock market will be raised, with abolition of investment ceilings

An additional Y1,120bn will be provided under the government's Fiscal Investment and Loan Programme, thus increasing the amount of public funds that could flow into the stock market to an estimated Y2,820bn this fiscal year.

However, until now, fund management for Post Office savings and postal insurance has been among the most conservative in Japan. The funds are largely made up of household savings, and managed in such a way as to avoid losses at all costs. Thus, although a potentially large buyer of stocks is being created, it is questionable how much investment will actually be forthcoming.

The government also aims to raise demand by allowing loan trusts, savings vehicles offered by trust banks, to invest in the stock market. The government will also allow trust banks to offer new money trusts, a product which will offer dividend payments directly reflecting investment performance. The investment trust industry has been strongly lobbying against such products, which will be in direct competition with investment trust funds.

However, trust banks may not be so eager to turn to the stock market to invest their funds from loan trusts. "Trust banks already face heavy losses on securities holdings and may not want to increase their exposure to the stock market," said Mr Jason James, strategist at brokers James Capel in Tokyo.

On the supply side, a temporary halt has already been laid down by the goverament on financial institutions realising gains on shareholdings. The government also postponed its sale of Nippon Telegraph and Telephone, JR East, a railway operation of the former state-owned Japan National Railway, and Japan Tobacco.

For share prices, the size of the economic package has positive implications. However, given that the Nikkei index of leading 225 shares has risen over 25 per cent in the past eight days, and that the market is trading over 46 times its earnings, it may be unrealistic to anticipate a further surge in share prices.

Rome spells out will to defend lira

By Haig Simonian in Rome

THE Italian lira recovered some ground yesterday evening after a bruising day on the foreign exchanges, as the government emphasised its determination to defend the currency.

Mr Piero Barucci, the treasury minister, said: "The government will adopt any measures that may become necessary towards maintaining the current central rate of the lira within the European Monetary System."

The government statement was seen as a last option before having to raise interest rates to defend the currency, which earlier in the day hit its floor against the D-Mark in the exchange rate mechanism (ERM) and brushed against its minimum permitted level against the Belgian franc.

The lira has come under renewed pressure because of fears that a negative vote in next month's French referendum on the Maastricht treaty will derail plans for closer economic and monetary links in Europe. The commitment to such union is seen as one of the main factors obliging the Rome government to take firm action on reducing Italy's huge budget deficit.

"Realignment now makes no sense, as it would just require another one after a possible French no-vote. But interest rates will probably have to rise, probably after next week's bond issues", said one economist.

Conflicting reports on the absence of support for the lira by the Bundesbank triggered uncertainty over whether the German authorities had deliberately decided to stay on the sidelines. A Bank of Italy spokesman stressed that support buying was part of every's central bank's commitment under the exchange rate mechanism (ERM).

The renewed weakness of the Italian currency, which regained some ground against the D-Mark earlier this week, sparked off renewed rumours of a rise in interest rates.

On Thursday, Italy's President Oscar Luigi Scalfaro paid an unexpected visit to the central bank, where he discussed the lira's problems with its governor, Mr Carlo Azeglio Ciampi. Mr Scalfaro's visit was widely interpreted as a sign of support for the bank's current policies.

World looks to shouting Panic

The Serbian leader must now deliver, write Judy Dempsey and Laura Silber

MR Milan Panic did a lot of shouting at the London conference on the former Yugoslavia this week. He shouted at the participants, he shouted at the press, and he shouted at Mr Slobodan Milosevic, the president of Serbia.

But those who know him say this stems from his frustration about what is happening to Serbia, his place of birth.

As prime minister of the unrecognised Yugoslavia, which consists of Serbia and Montenegro, Mr Panic, a millionaire who emigrated to the US three decades ago, is desperate to bring Serbia out of its isolation. The only obstacle is Mr Milsosevic.

When he was appointed by Mr Milosevic last July, it was rumoured that the Serbian president would use Mr Panic.

"Milosevic thought Panic would get Serbia off the hook, lift the United Nations sanctions without doing anything substantial, and at the same time keep Milosevic in power," said a Serbian journalist. "He was mistaken", he added.

Since July, Mr Panic has chiselled away at the constitutional powers of the Serbian president through moving them out of Mr Milosevic's influence and enhancing the Yugoslav federal institutions. For instance, Mr Panic is now defence minister of the Yugoslav federal forces. Last week, he replaced Mr Mihalj Kertes, the federal deputy interior minister responsible for the ethnic cleansing of Croats in the Serb-controlled northern province of Vojvodina.

Panic: the question is whether he can outplay Milosevic

At the London conference, Mr Panic matched theatre with substance. When Mr Milosevic attempted to speak, Mr Panic interrupted saying he was more entitled to represent the Yugoslav state.

As Mr Milosevic growled throughout the conference, Mr Panic promised UN and EC officials that he would comply with all the documents agreed at the conference.

More than that, he said that if Mr Milosevic did not implement the conference agreements, he would sack him: "I expect Mr Milosevic to comply - or else!"

The question is whether Mr Panic can deliver both at home and abroad. He has to convince Serbs that his policies will lead to the lifting of sanctions. To achieve this, he will need the support of the Serbian media, which is under the control of Mr Milosevic. He will also need public opinion behind him. But people are resentful of the international community placing all the blame on Serbia, and none on Croatia.

The media is crucial. Mr Panic will have to use it to persuade Serbs it is in their interests to accept the return of autonomy to the ethnic Albanians, and dilute the prejudice and hatred fuelled by nationalism.

Earlier in the week, Mr Panic met Mr Ibrahim Rugova, president of Kosovo, and reassured him, that, unlike Mr Milosevic, he would accept the mediation of the London conference to negotiate the future status of ethnic Albanians.

If the UN and EC are placing some of their hopes for stability in the Balkan peninsula in Mr Panic, in return, Mr Panic wants support from them. He wants the Serbs, particularly in Croatia, to be granted ethnic rights and autonomy. But what he eventually wants is the recognition of a Yugoslav state, free of sanctions and back in the international fold.

Yesterday, a British official said no one republic could be the legal successor to the former Yugoslavia. "It will have to be negotiated by all the former republics," he said. Besides, he added, "Panic has to deliver the goods."

Hurricane may cost insurers over $8bn

By Nikki Tait in New York

A LEADING US insurance company yesterday estimated that the industry could face losses of around $8bn to $10bn as a result of Hurricane Andrew, which left a five-day trail of destruction in Florida and Louisiana.

The estimate, made by Minnesota-based St Paul Companies – which acquired Minet Holdings in the UK four years ago – came as criticism of the Bush administration's handling of the crisis in the southern states intensified.

Some of those affected by the disaster claim that relief efforts have been disorganised, and that much-needed supplies have been slow to arrive.

Television stations in the US have shown pictures of fights breaking out for ice, for example, and long lines waiting for food shipments.

Yesterday, however, the Pentagon said that 4,500 troops – mainly from North Carolina – were now in the stricken regions, and that food supplies were capable of feeding around 72,000 people every 24 hours.

On the insurance front, estimates of the industry's losses have varied in recent days, but a consensus seems to be forming around the $10bn figure.

EC STATEMENT ON FOREIGN EXCHANGE MARKETS

Following consultations between EC finance ministers and central banks, the chancellor of the exchequer, Rt Hon Norman Lamont MP, in his capacity as president of the European Council of Economic and Finance Ministers, has today asked the chairman of the Monetary Committee to issue the following statement on behalf of EC finance ministers:

"The member states of the EC are committed to economic and monetary stability in the EMS, which is an important element in European prosperity.

The governments of member states agree that a change in the present structure of central rates would not be the appropriate response to the current tensions in the EMS.

They welcome the activation of the Basle-Nyborg agreement on intramarginal intervention and the respective co-operation among the European central banks.

The authorities of Community member countries are actively pursuing economic policy co-operation and stand ready to enforce their co-operation to ensure an appropriate functioning of the EMS."

Commenting on the statement Mr Lamont said: "I welcome this clear and unequivocal statement by EC finance ministers. It demonstrates the willingness of our European partners to co-operate intensively to maintain stability in the financial markets.

Membership of the ERM remains the cornerstone of Britain's anti-inflationary strategy and as I have said repeatedly, the British government will take whatever steps are necessary both now and in the future to maintain our position within the ERM at the current central rate."

French doubts on Maastricht grow

By Alice Rawsthorn in Paris

OPPOSITION to the Maastricht treaty on European union is continuing to grow in France despite the government's campaign efforts. The latest opinion poll shows that 53 per cent of those polled plan to vote against ratifying the treaty in next month's referendum.

The poll, compiled by CSA for Le Parisien newspaper, is the third this week indicating a majority may vote No in the September 20 referendum.

Two previous polls showed majorities of 51 per cent and 52 per cent against Maastricht. A further three polls published this week suggested small majorities in favour of the treaty.

Support for Maastricht has been falling since President François Mitterrand announced the referendum in June, fuelling fears throughout the European Community that the French will reject it.

Support has waned partly because the socialist government put its pro-Maastricht campaign on hold over the summer. But the CSA poll was compiled between Monday and Wednesday, when the government's revitalised campaign was under way.

Leaders of the two main right-wing opposition parties, Mr Jacques Chirac of the RPR and Mr Valéry Giscard d'Estaing of the UDF, have since joined the pro-Maastricht lobby. They were previously reluctant to do so because of concern about internal splits in their own parties on Europe.

Mr Chirac's RPR, which has a 75 per cent majority against Maastricht, yesterday announced it would be dividing its allocation of broadcast airtime between the Yes and No factions when the official pre-referendum campaign starts on September 7.

The only consolation for the pro-Maastricht campaigners from yesterday's poll was that a high proportion of the CSA sample – 40 per cent – had still not decided which way to vote in the referendum, or whether to vote at all.

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) GmbH, Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1: Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Managing Director. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenburg 4. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1992.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

Economy in France slows further

By Alice Rawsthorn in Paris

THE French economy slowed down in the second quarter of this year, mustering growth of just 0.1 per cent, according to INSEE, the state statistics institute, against 0.9 per cent in the first quarter.

INSEE has now revised its growth estimate for the full year from 2.5 per cent to between 2.2 per cent and 2.3 per cent. Originally the institute had been expecting growth of 0.4 per cent in the second quarter.

However the new INSEE forecast means that the French government is still on course to reach its own targets for the year, given that its budget is based on projected growth of 2.2 per cent.

NEWS: INTERNATIONAL

AIRCRAFT DROP LEAFLETS

US threatens Iraq with punitive action

By Roger Matthews in Washington

US military aircraft began dropping leaflets on Iraqi bases and military installations yesterday, threatening punitive action if there was any challenge to the air exclusion zone imposed on Thursday.

The US, Britain and France have instructed the Iraqi government not to fly fixed-wing aircraft or helicopters south of the 32nd parallel.

The aim is to protect the Shia population of the south from further persecution, although the Pentagon says Baghdad already has more than 60,000 troops together with tanks and artillery in the area.

The warning in the leaflets was aimed at Iraqi pilots and ground radar controllers. The radar operators were told that they faced attack from the air if they locked on to allied aircraft, another indication that the US is prepared to engage targets on the ground.

The US has also moved additional Awacs radar and control aircraft to Saudi Arabia to monitor southern Iraq.

Flights by Iraqi fighter aircraft have continued north of the 32nd parallel but none has come close to the line set by the allies.

The Awacs would also play a critical role in tracking any allied pilots who might be forced to eject over Iraqi territory.

The US has lost two aircraft over Kuwait this month during continuing manoeuvres with local troops.

A further test of Iraq's determination to challenge UN resolutions may come next week when weapons inspectors are scheduled to return to Baghdad. The UN teams, looking for evidence of Iraqi weapons of mass destruction, have been told by Iraq that they will not be permitted to enter government ministries.

The US has warned that this would be a serious breach of UN resolutions and President Bush has made his determination to ensure full Iraqi compliance a much-repeated part of his electoral platform.

But he denied reports in the New York Times that he was deliberately seeking a confrontation with Saddam Hussein to improve his election chances.

The media in Baghdad and neighbouring Tehran both agreed yesterday with the New York Times assessment. "The no-fly zone seeks to offset the decline in Bush's popularity on American streets," claimed Tehran radio.

Rostock violence prompts state to set up inquiry

By Andrew Fisher in Rostock

THE STATE government of Mecklenburg-Vorpommern yesterday set up a special committee to look into the causes of the attacks on foreign asylum seekers in Rostock.

However, at the same time the state parliament voted in support of the interior minister, Mr Lothar Kupfer, who had been strongly criticised by the Social Democrats and left wing opposition over his handling of the crisis.

It voted to keep Mr Kupfer in office after Mr Berndt Seite, the state prime minister of the east German state, had refused opposition demands that he should be sacked.

Although the Rostock suburb of Lichtenhagen, where the attacks occurred among rows of grim modern apartment blocks, was quiet last night, police and officials have braced themselves for fresh outbreaks of protest and possible violence this weekend.

Around 2,000 police are ready to stave off any clashes between right wing demonstrators and the up to 10,000 left wingers expected to descend on the Rostock suburb, some way out of the town centre, to express revulsion at the riots.

Organisers of the anti-right wing demonstration - under the slogan "Stop the Pogrom" - said they wanted no incidents. Those joining the march will include trade unionists, members of the Berlin Social Democrats (SPD) and other left wingers.

Apart from a few skinheads and youths lounging round the scene of this week's violence, Lichtenhagen was quiet last night. The walls of the apartment block section which had housed asylum seekers are blackened from Molotov Cocktails, windows are broken and burnt grass patches show where police cars were set on fire.

Last night, around 1,500 police waited in side-streets in case of violence. Someone had spray-painted the words "Against Racism" on the wall of the building from where asylum seekers were evacuated a few days ago.

Showing that attacks on foreigners are not confined to east Germany, where social and economic pressures are acute, two asylum hostels in the west German state of Lower Saxony were stormed on Thursday night. In one, a fire-bomb was thrown and put out by the inhabitants.

Somali attack on UN observers

TWO United Nations military observers were wounded yesterday, one seriously, when an armed Somali gang attacked their unarmed vehicle in Mogadishu, Reuter reports.

Witnesses said several jeeps converged on the UN vehicle and opened fire, injuring an Egyptian colonel and another UN observer.

The attack coincided with fresh violence and looting at Mogadishu port, where relief supplies were being unloaded for millions of famine-stricken Somalis.

Lebanon protest

Lebanon's Christians yesterday started a second three-day strike in protest against the country's elections, while results from the north showed a big win for pro-Syrian and Moslem fundamentalist candidates, Reuter reports from Beirut. Christian opposition groups are boycotting the polls. They want elections held only after Syrian troops withdraw from areas around Beirut

Kuwait poll date

The Kuwaiti cabinet has set October 5 as the date for the emirate's first general elections in seven years, Reuter reports.

The 60-seat parliament, a consultative body without legislative powers, was dissolved in 1986 amid security and economic concerns prompted by the Iran-Iraq war.

Warning on HK

A senior Chinese official, Lu Ping, has said Beijing will dissolve Hong Kong's legislature when the colony returns to Chinese rule unless Britain sticks to the constitution planned for the territory after 1997, Reuter reports from Hong Kong. Britain and Mr Chris Patten, the new Hong Kong governor, have upset China by vowing to raise the issue of speeding the pace of Hong Kong's democracy in the five years before its handover.

A Russian Ilyushin IL-76 military transport aircraft burns outside Kabul yesterday, after rebels ignored a temporary ceasefire and fired a salvo of rockets into the airport. The aircraft had been sent to evacuate Russian diplomats and their families from the besieged capital. Four Russian commandos who were aboard the aircraft were injured escaping from the blaze.

US bank denies Indian claims

By Shiraz Sidhva in Bombay

BANK of America, the US bank, yesterday denied that it had issued or accepted fraudulent Bankers' Receipts, or that it had violated the Reserve Bank of India's guidelines, as suggested in an official report released on Tuesday.

In the face of detailed criticism of its Indian operations, the US bank blamed "the very real difficulties within the Indian financial system", and its "manual processing methods" for implicating the foreign bank in the Bombay financial scandal.

The Janakiraman report, the third in a series inquiring into the Rs35bn (£627m) securities scandal, gives details of how Bank of America's Indian operations "not only avoided the discipline" of the central bank's guidelines on portfolio management schemes, but "also violated the Reserve Bank's directives on rates of interest on deposits", and entered into "dummy deals", which were "squared off in their books".

The bank has denied these charges, and points out that the report's discussion of "off the books" transactions "is generally derived from Bank of America's official books".

The report alleges Bank of America used customers' short-term funds for lending in the call money market, contravening Reserve Bank guidelines. It also claims the US bank had links with brokers involved in the scandal. The bank has denied this, saying it has not extended credit lines to any stockbroker in the Indian market. However, the report says Bank of America allowed "credits of substantial amounts" to Mr Harshad Mehta, the key broker in the scandal. The report found it "difficult to believe" the bank's plea that this was "due to a clerical error".

Russia warns it cannot repay debt

By John Thornhill and Dmitry Volkov in Moscow

RUSSIA can repay "no more than $2bn" of its foreign debt this year, Mr Yegor Gaidar, acting prime minister, said yesterday, indicating the extent of the government's budgetary squeeze.

His comments came as a Russian delegation in Paris continued to press representatives of the Group of Seven industrialised countries (G7) for a rapid rescheduling of the estimated $70bn debt chalked up by the former Soviet Union.

Yesterday's meeting followed discussions in Munich last month between Mr Boris Yeltsin, president of Russia, and the G7 heads of state, when they agreed to his request for a moratorium on the debt issue.

The deputy finance ministers met to work out a mechanism for the rescheduling of the $65bn-$80bn of debt before next month's Paris Club meeting of the former Soviet Union's principal creditors.

Earlier in the week, Mr Alexander Shokhin, the vice-prime minister responsible for foreign economic relations, said Russia's hard currency revenues were severely limited and the government was running $4bn behind on debt payments. Russia would have to postpone payments by the end of the year in the absence of a debt rescheduling, he warned. Russia's debt and interest payments have continued to be deferred but the country was aiming to make repayments of $10bn in 1992.

Russia is the only country in the Commonwealth of Independent States attempting to service the former Soviet Union's debt.

More encouraging news on Russia's economy came yesterday from Mr Dmitry Vasiliev, a leading reformer and deputy chairman of the committee on managing state property. He predicted that production levels would begin to pick up sharply from next year after experiencing a severe slump in 1992.

NEWS: UK

Scots Civil Service jobs set for tender

By John Willman, Public Policy Editor

THE JOBS of 1,000 civil servants at the Scottish Office – 8 per cent of the total – are to be put out to tender in the next year as part of the government's plans to improve efficiency in the Civil Service.

The proposals were announced yesterday by Mr Ian Lang, Scottish secretary. Tendering is expected to be completed by September next year, with the new contracts operating in 1994.

In addition to catering and cleaning work, which are already contracted out, the list includes recruitment, training, audit and legal services, and the administration of pay, leave and pensions.

Specialised functions to be put out to tender include telecommunications maintenance, the collection and processing of statistical data for the Scottish Office's environment department and its industry department's materials-testing station.

Staff will be encouraged to bid for the contracts, with assistance provided by Capita Management Consultancy. If the in-house team is successful, it will be required to agree standards of service, how the work will be charged for, how the service will be monitored and how the agreement will be enforced.

Where the work goes to outside bidders or a management and employee buy-out, staff who decide to work for the contractor will have to resign from the Civil Service. Those who remain will either be redeployed or offered the normal redundancy terms.

Early leaks suggesting that as many as 3,000 jobs would be put out to tender led to a one-day strike in July by members of two Civil-Service unions representing Scottish Office staff.

Mr Lang yesterday attempted to assuage staff fears that market testing would lead to all the activities being contracted out. "I can assure staff that they will have substantial help and support available to them, and they will be able to compete for the work with the private sector in fair and open competition."

Agency status for paymaster

By John Willman

THE Paymaster General's Office, which provides the Treasury with various financial services, is to become an executive agency on April 1.

The change will mean greater autonomy for the organisation, but it will also face tough financial and service-quality targets.

Formed in 1836, the Paymaster General's Office employs the equivalent of 850 full-time staff to:

- Administer and pay public-service pensions.
- Provide public-sector banking services.
- Supply the Treasury and the Central Statistical Office with information on public expenditure.

The post of chief executive, which is to be filled by open competition, will retain the title of assistant paymaster-general. The title of paymaster-general is a ministerial one, currently held by Sir John Cope, Treasury minister.

The Office, which moved from London to Crawley in West Sussex in during the 1960s, was at one time responsible for handling civil servants' pay. This is now the responsibility of individual departments and agencies.

Nappies inspire spirit of invention

By Alison Smith

A NAPPY designed to be put in a microwave oven before use and new ways of dimpling the surface of golf balls are two of the areas where the spirit of invention is thriving, according to the annual report of the Patent Office, published yesterday.

The report says that 1990 and last year saw an overall decline in the number of trademarks applied for, which it attributes to the decline in economic activity. In the 15 months from January last year to March this year there were 44,216 applications – 8.5 per cent down on the corresponding period to March 1991.

The report highlights trends in inventions that reflect some of the concerns of British society, such as the demand for cleaner air and greater road safety.

It says the growth of the leisure industry has been responsible not only for the ever-increasing sophistication of keep-fit machines, such as exercise bikes, but also for the "considerable activity in devising board games" in spite of the popularity of video games.

Inventors in the search of the ultimate nappy are still aiming for "reduced bulk and protection against leakage", the report notes. The central feature of the microwavable nappy is a compressed pad which can be bulked up inside the microwave before being used, so increasing its absorbency.

Continuing strong interest in inventions relating to garment hangers would appear to underline the UK's reputation as a nation of shopkeepers, the report notes. There is particular emphasis on hangers that are fitted with security devices to deter shoplifting.

Innovatory precautions against theft feature heavily in other areas too, including defence against the rise in so-called "joyriding", devices to protect empty properties and the development of a container to prevent bundles of newspapers being taken from shop doorways in the early mornings.

Pennies from heaven for the Met Office

Michael Cassell forecasts a period of increased expansion for the organisation

WITH the start of the August bank holiday the armchair weather experts are studying the swallows and watching their warts to see what lies in store for the last long weekend of the summer.

Everyone fancies their chances when it comes to predicting the weather. But, unlike the 2,500 men and women from the Meteorological Office, not everyone's livelihood depends on getting it right.

While the Met Office may have failed to spot the odd hurricane in the last 140 years and will never to be allowed to forget it, the office says that new investment is producing improved levels of forecasting accuracy. It claims that more than 80 per cent of forecasts for the general public are now deemed to be correct. Commercial customers report a 90 per cent-plus satisfaction rate.

Mr Bernard Herdan, Met Office director of commercial services, said: "We are not in the business of selling certainties. But our three-day forecasts are now more accurate than a one-day forecast 15 years ago."

Reputation is important for an organisation intent on converting its expertise into hard cash by offering an expanding range of services to a private sector increasingly using weather intelligence as a business tool.

Traditionally a servant of the state, the Met Office is now setting out to exploit the commercial freedom handed to it when it became a government executive agency in 1990.

Mr Herdan has a pivotal role in coaxing the organisation into the marketplace out from under the shadow of the Ministry of Defence, which remains both its boss and its largest customer. It still employs most of its resources in serving the armed forces and the Civil Aviation Authority and in providing weather information for dissemination via newspapers and television.

But it is now also as likely to be selling its information to farmers, oil-rig operators and builders. Supermarket chains pay for advance notice of good weather so they can stock up with salads and barbecue coals. Conversely, the prospect of prematurely arctic conditions will enable garage chains to order the anti-freeze early.

Landfill site operators can be told when to expect exceptional methane discharges activated by low atmospheric pressure, and the Channel tunnel operators may decide to ask the Met Office to advise them if pressure differences at each end ever threaten howling gales in the middle.

The list of less prosaic services for commercial customers, backed up by a network of reporting stations and two powerful Cray computers – "the Cray twins" – at the organisation's base in Bracknell, Berkshire, is lengthening.

Private fliers and mariners can get weather information by fax and, as a result of collaboration with British Aerospace, Met Office information will soon be available via computer to private-sector customers worldwide.

On the domestic forecasting front, while regional forecasts now extend to five days, there is fresh emphasis on the provision of very short-term weather information.

Within a year or so private subscribers will be able to establish what is going to happen in their town in the next couple of hours. Speech-recognition technology might soon enable a computer to give a detailed response to individual telephone inquiries.

Much of the effort to win new domestic customers will be focused on developing, in co-operation with partners, services which underpin the Met Office's ambition to become the primary environmental agency in the UK. Joint ventures with a range of partners are planned so that its meteorological expertise can be twinned with the technical knowhow required to relay information.

The Met Office also wants to build a bigger presence in continental Europe and is participating in proposals to create with other comparable organisations a commercial operation offering meteorological services on a European scale.

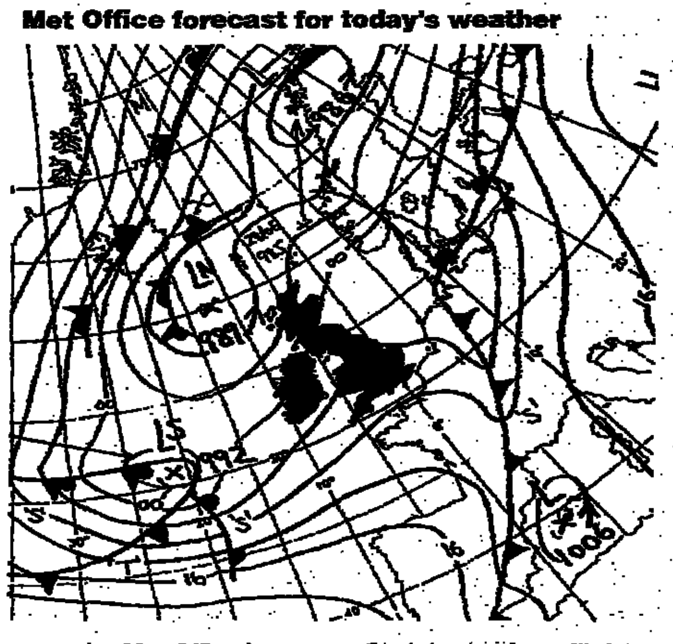
It sees significant income flowing from offering consultancy services to other national weather organisations and from the sale of intellectual property.

Mr Herdan said: "At present we have about 8.5 per cent of the world weather-information business and want to get to 10 per cent within the next five years."

The Met Office's most recent results suggest the process of commercialisation is well under way. Revenue from business customers rose to nearly £14m in the year to March, compared to £8m before agency status. The figure, which is believed to be higher than that achieved by any equivalent operation overseas, is planned to reach £20m in the next five years.

Even so, the organisation still cost the taxpayer £71m last year, a figure which the government wants to see steadily reducing. Nobody is yet prepared to chance their arm by publicly forecasting when the Met Office will be profitable.

Met Office forecast for today's weather



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Grade attacks BBC managers

By Gary Mead

MR MICHAEL GRADE, chief executive of Channel 4, made a strong attack on the governors and senior management of the BBC at the 17th Edinburgh Television festival last night.

Mr Grade, a former controller of BBC 1 who joined Channel 4 in January 1988, accused the BBC of adopting "a pseudo-Leninist style of management which relies on the exercise of central control" to the detriment of programme planning and production values.

He singled out the funding of the corporation as the most important issue facing it. The government funds the BBC by means of a compulsory licence fee – currently £80 annually for a colour television. The BBC's charter and licence to broadcast, granted by the government, comes up for renewal at the end of 1996.

Describing the licence fee as "in danger of becoming a dwindling asset", Mr Grade said: "The BBC seems prepared to pay too high a price in return for the charter renewal . . . The present regime at the BBC has, mistakenly, adopted a strategy which says there is no alternative to the licence fee therefore they will do whatever it takes to secure it.

"They are putting in long-term jeopardy the very institution they are fighting to protect."

Mr Grade said he supported the continuation of the licence fee. The BBC "was never meant to be a business" but was established as "a centre of excellence in broadcasting".

He accused BBC governors of having adopted a "policy of appeasement" in the face of the "terrible battering it has taken from the government over the last 10 years".

Mr Grade argued that the BBC is a public service and must be sufficiently funded to maintain its reputation for quality broadcasting. "If you put the BBC into competition for revenue, it ceases to be a public service."

Bryant & May agrees to freeze match prices

By John Willman

BRYANT & MAY, the UK match manufacturer, has agreed to freeze the prices of its branded matches until the end of next year, after the Monopolies and Mergers Commission found it had abused its dominant position in the UK market to make excess profits.

Mr Neil Hamilton, corporate affairs minister, said yesterday he had accepted statutory undertakings from Bryant & May to hold prices for branded matches – including Swan Vesta and Cooks Household brands – at the level which applied on April 1 last year.

The company has also agreed to change its trading agreements to eliminate discounts, exclusive promotion and sales, and minimum stocking clauses applying to matches (whether branded or own label), disposable lighters and other smokers' requisites.

Bryant & May is part of Swedish Match, the Stockholm-based conglomerate recently provisionally acquired by Procordia, the Swedish food and pharmaceutical group. Its sale to Swedish Match in 1987 won approval by the Monopolies and Mergers Commission.

Jaguar and Iveco to cut 800 jobs

By Kevin Done, Motor Industry Correspondent

TWO FORD subsidiaries, Jaguar and Iveco Ford, the loss-making vehicle makers, are starting another round of job cuts, as motor industry leaders warned yesterday that there was little sign the new car market would recover before mid-1993.

Ford and Vauxhall, the UK new car market leaders, announced price cuts of up to £1,150 on some models to clear old stocks, in response to disappointing sales in August.

Jaguar, the luxury car maker which suffered a £226m loss last year, is cutting a further 700 jobs in the face of declining sales in many overseas markets, while Iveco Ford, the truck maker, is reducing its workforce by 8 per cent with the loss of another 100 jobs.

The prolonged recession and the absence of any recovery in demand in August, the most important sales month of the year, has forced both Ford and Vauxhall to lower their forecasts for new car sales in 1992 to only 1.55m, a further 2.5 per cent fall from last year.

New car sales in the first seven months of the year were 36 per cent lower than in the peak year of 1989.

Mr Ian McAllister, chairman of Ford of Britain, warned that he did not foresee "any increase in the market in the first six months next year, unless there is a change of tack by the government".

The latest job cuts by Jaguar will reduce its workforce to fewer than 7,300. The company warned that some compulsory redundancies appeared inevitable. The workforce has been cut by 40 per cent since the end of 1990.

Jaguar is to cut its planned production for this year to 23,000 – unchanged from last year – compared with the 27,000 forecast earlier. Sales in the first seven months of the year at 13,237 were 10.7 per cent lower than a year ago. While sales in the US rose 1.8 per cent, sales in Japan fell 38.2 per cent to 914. Demand also fell sharply in the UK.

Iveco Ford, which lost £38.6m last year, is cutting 100 hourly paid jobs from its truck assembly plant at Langley in west London. Since the beginning of the recession it has cut its workforce by 34 per cent from 1,796 at the end of 1990 to 1,183.

Truck output at Langley is expected to total 8,000 this year compared with 5,750 last year, when the company was forced to cut 90 production days.

The UK truck industry has suffered the steepest decline in the post-war period. New truck registrations last year were at the lowest level since 1954. Sales in the first seven months of 1992 fell 8.8 per cent. In the last three years sales have fallen 59.5 per cent.

Ford said yesterday it was cutting the prices of most of its remaining 1992 model cars by up to £1,000 in addition to any discount or trade-in value agreed by a dealer. Vauxhall said it was cutting the prices of its non-catalytic converter-equipped Nova and Cavalier models by up to £1,150.

Swan Hunter to shed 1,400 workers

By Michael Cassell, Business Correspondent

SWAN HUNTER, the Tyneside shipbuilder, is to make more than 1,400 workers redundant because of a lack of orders.

The decision by the last shipyard on the Tyne cuts the Swan Hunter workforce by nearly half and will deal a severe blow to employment in the north-east.

The redundancies follow the company's failure to find contracts to replace those now being completed, in spite of a worldwide search for business. Although Swan Hunter is building three frigates for the Royal Navy it did not win any of the last batch of frigate orders placed by the Ministry of Defence.

The company is, however, about to challenge VSEL, the Barrow-in-Furness shipyard, for the £150m contract to build a helicopter ship for the MoD.

A total of 725 full-time workers and 700 on short-term contracts, which are due to expire in a few months, will lose their jobs. The move will leave 2,200 people on the payroll. It was greeted with dismay, although not surprise, by the workforce.

Dr Roger Vaughan, Swan Hunter's joint chief executive, said when announcing the decision the lack of orders meant a workforce which had been expanded to undertake existing contracts now had to be slimmed down. "We very much regret having to take this action but shipbuilding is a cyclical business."

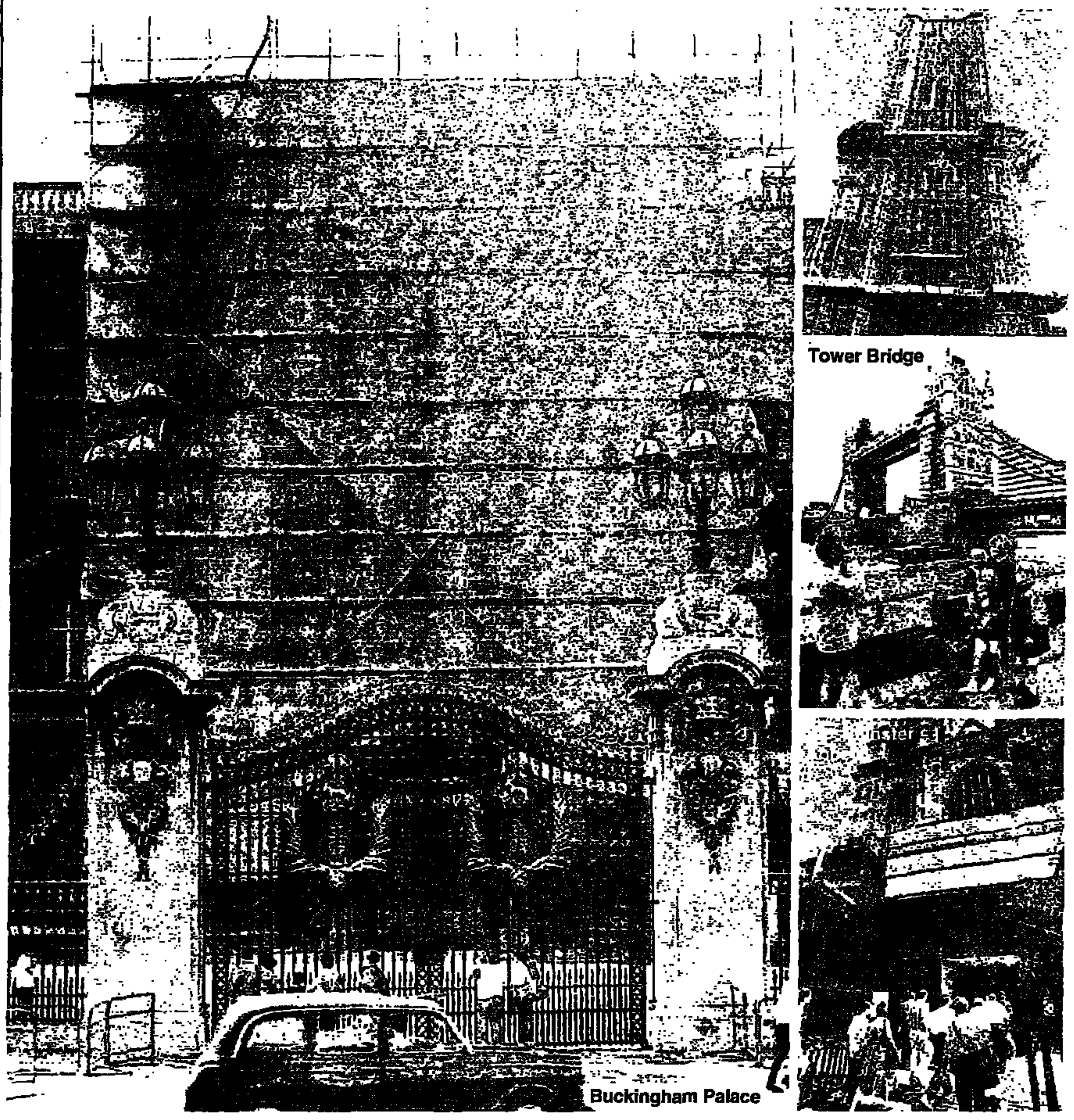
Dr Vaughan said that Swan Hunter, which was privatised in a management buy-out six years ago, was confident about prospects for orders for the Royal Navy's amphibious fleet and for export business, but it was necessary to cut the workforce in the short-term.

He added: "Our order book runs through to the end of 1994. However, we must ensure our employment level is in line with that work until new orders are won.

"In an increasingly unsettled world we are well placed to meet a wide range of maritime defence requirements for the UK Ministry of Defence and overseas governments. We are also maintaining our capability to win merchant ship design and construction work when market conditions improve.

Mr John Edmunds, general secretary of the GMB general union, said he believed the decision would have a "domino" effect on jobs in the region. He added: "Many displaced yard workers have for the last 10 years been able to find employment in the offshore construction business but that no longer offers any opportunities."

When Christopher Robin went down with Alice. . .



Tower Bridge

Buckingham Palace

London's tourists led to scaffolds

A "NIGHTMARE" is how Mr Ian Faris, marketing manager with London Coaches, describes his predicament. "You go to point out what was a beautiful statue and all that's there is scaffolding."

Mr Faris, who conducts parties of tourists around the capital in an open-top bus, is surprised by the lack of complaints. "We just describe what's underneath and everyone seems happy at that."

Outside a tarpaulin-bedecked Buckingham Palace visitors were not quite so muted. "I think it's terrible," said Mr Stuart Gifford, a day-tripper from Speke on Merseyside. "We wanted to take some photos to show to our friends of our day in London."

Dozens of the capital's most famous buildings are under cover for maintenance. The list includes Horse Guards Parade, Downing Street, St James Palace, Admiralty Arch, the Albert Memorial and the Mansion House.

At the House of Lords Mrs Gloria Allen, visiting London for the first time from Denver, Colorado, surveyed the scaffolding. "I suppose it's got some charm, but I'd prefer it if it was how it looks in the guide book."

Ms Isabel Coy at the British Tourist Board said: "It's obviously as disappointing for us to have people visiting the capital and not enjoying themselves."

She said works were undertaken in the summer because many of the public buildings were not in use in that period.

Charterail collapse puts stress on roads

ABOUT 27,000 extra truck movements a year will take place on Britain's roads following the collapse late on Thursday night of Charterail, one of the UK's biggest private-sector freight operators, Richard Tomkins writes.

Cork Gully, the insolvency arm of accountants Coopers & Lybrand, moved yesterday to secure Charterail's assets pending a meeting of shareholders early next week to put the company into liquidation.

Charterail's collapse is embarrassing to the government. Three successive transport secretaries and Mr John Major, the prime minister, each visited the company to support its aims.

It had set out to reverse the decline in rail freight by introducing a road-rail system which enabled truck-trailers to be switched on to adapted rail wagons for the long-distance part of their journey.

It failed with debts estimated between £1.5m and £2m, and accused British Rail of charging excessive rates for haulage – the supply of locomotives and crew to haul Charterail's trains over BR's tracks.

Building materials sales fall 2.7%

SALES OF building materials last month were 2.7 per cent lower than at the same time last year, the Builders Merchants Federation said yesterday. This compared with an increase of 0.2 per cent in June.

Sales in July were 21 per cent lower than in December last year when the federation, which represents companies with annual sales of between £5m and £6bn, started to compile its monthly sales index.

London stocks, Page 13

Opren claimants lose court battle

MOST OF the remaining alleged victims of the banned arthritis drug Opren who are claiming compensation had their actions dismissed in the Court of Appeal yesterday.

In a test-case ruling, three judges decided that 13 of 16 representative claimants were barred from seeking damages against Eli Lilly, the pharmaceuticals company, because their actions started too late.

Lord Justice Purchas, sitting with Lord Justice Ralph Gibson and Lord Justice Mann, dismissed appeals by 13 claimants against rulings by Mr Justice Hidden that their claims were "statute barred" under the 1980 Limitation Act which lays down time limits for starting civil actions.

The claimants, mostly elderly arthritis sufferers, allege they suffered long-term or permanent side-effects as a result of the drug, which was withdrawn worldwide in 1982.

Lloyd's agency move

COX GROUP, the Lloyd's agency, yesterday said it is to acquire a rival Lloyd's group, CW Rome (Underwriting Agency). Mr Christopher Rome, the underwriter of CW Rome's main syndicate, is one of the most prominent marine insurers at the insurance market. His syndicate specialises in energy, marine liability and war-risks business.

Business expects fall in output

By Emma Tucker, Economics Staff

A FURTHER fall in manufacturing output in the next four months is expected to prolong the recession – already the longest since the 1940s – into the second half of this year.

Output expectations among manufacturers are at their weakest for more than a year as flat consumer demand has allowed stocks to build up.

The latest industrial trends survey from the Confederation of British Industry shows that order books have weakened significantly in the past three months. Sixty one per cent of manufacturers reported orders below normal when they were questioned earlier this month.

The only encouraging element in an otherwise gloomy assessment of the economy was that expectations of price rises were at their lowest since October 1966, suggesting that inflation will continue to fall rapidly.

The CBI's findings indicate that manufacturers have increased their stocks since the early summer in expectation of higher consumer demand that has not emerged. This is likely to hinder the growth of output in the second half of the year. Only 3 per cent of manufacturers reported that their current stocks of finished goods were less than adequate, while 25 per cent reported that they were more than adequate.

The survey of 1,300 companies in 50 industries showed that although export orders improved slightly in early August they were weaker than in May and June.

The main points of the survey were:

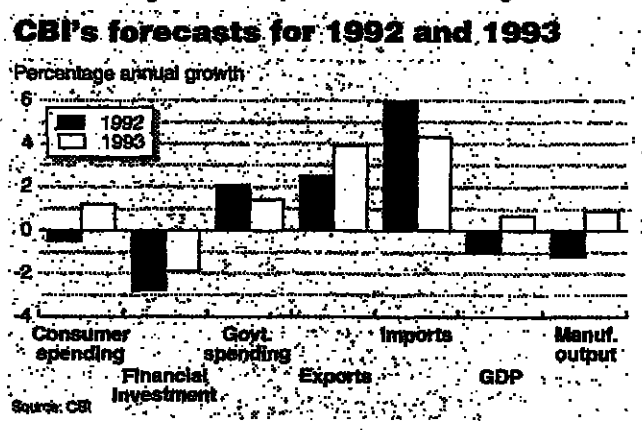
Output – 15 per cent of respondents expect output to increase in the next four months, against 27 per cent that expect it to fall. These were the weakest expectations since May last year.

Orders – order books have weakened a little since July and only 9 per cent of companies reported them above normal.

Exports – total order books have improved since July although only 14 per cent reported their export orders above normal against 47 per cent that reported them below.

Prices – only 10 per cent of respondents expect to raise the prices of goods as they leave factories against 16 per cent that expect to cut them. These were the weakest price expectations since August 1966.

CBI's forecasts for 1992 and 1993



Source: CBI

THE LATEST forecast of economic growth from the Confederation of British Industry indicates that gross domestic product will fall for a second consecutive year and recover only feebly in 1993.

The projected fall in GDP of 1 per cent for this year is more gloomy than the most recent consensus from City and academic economists, which forecasts output to fall by 0.5 per cent.

Government borrowing is expected to reach £32bn this financial year and £38bn in 1993-94. The rate of growth of imports is forecast to remain strong but to slow next year. Improved export performance, however, should mean the trade deficit does not worsen significantly next year.

The outlook for manufacturing is unpromising, with the CBI projecting a mild contraction in the second half of this year.

According to the CBI the fourth quarter is likely to mark the trough in output.

BRITISH ASSOCIATION FOR THE ADVANCEMENT OF SCIENCE

Call to plant energy crops

By Clive Cookson, Science Editor

ENERGY EQUIVALENT to 10m tonnes of coal could be produced if all the land used for over-producing food was planted with an energy crop, the British Association meeting in Southampton heard yesterday.

A panel of agricultural scientists and economists predicted that fields of willow – grown as fuel crops – would become as much a part of the countryside as wheat and barley.

Dr Peter Carruthers of Reading University's Centre of Agricultural Strategy said such crops were unlikely to be viable without a subsidy. With grants under the Woodland Grant Scheme and annual set-aside payments – subsidies for non-food use of farmland – they should, however, "be viable in at least some farm business circumstances".

The trees would be grown in a system known as arable coppice or short-rotation coppice, where cuttings are planted at very high densities – about 10,000 per hectare – and the first year's growth is cut back nearly to ground level.

The multiple stems which grow from the stump would be harvested by machine every three to five years. The wood would then be dried and burned as fuel or fed into gasification plants.

Energy crops are becoming established in some other European countries and the UK government is spending £550,000 a year on research into arable coppicing.

Dr Paul Maryan of the Energy and Technology Supply Unit at Harwell, Oxfordshire, who is co-ordinating the government programme, said researchers were testing varieties of willow and poplar under different conditions. Commercial demonstrations were under way on five farms.

Chronic fatigue identified

By Clive Cookson

CHRONIC fatigue syndrome – sometimes known as post-viral fatigue or ME – has real physical causes and is not an ill-defined psychological condition, medical researchers said.

The meeting heard that the nature of the causes remained uncertain, however.

Dr Stuart Butler of the Burden Neurological Institute, Bristol said brain scans of chronic fatigue patients showed a prominent signal called post-imperative negative variation (PINV).

He added: "The fact that the PINV occurs in a number of different disorders means that we still do not have a specific diagnostic marker for chronic fatigue syndrome.

"However we do have a clear indication that the physiology of the cerebral cortex is disturbed in a manner that may have something in common with certain neurological illnesses and psychiatric disorders which have an organic cause."

Ms Clare Francis, a leading ME campaigner, estimates on the basis of GPs' reports that there are 120,000 to 150,000 sufferers in the UK at any time.

● Lung experts called for a complete ban on tobacco advertising and attacked the government for failing to take action, Jennie Lynch writes.

Five scientists, led by Professor John Moxham of London University's King's College School of Medicine, criticised the failure of the government to act against tobacco advertising in spite of having described smoking as the main cause of preventive disease in its recent white paper on health.

President warns of 'bio-angst'

GROWING anti-science feelings and even "bio-angst" are threatening government support for science in the UK, Sir David Weatherall, incoming association president, warned, Clive Cookson writes.

Sir David, honorary director of the Institute of Molecular Medicine, Oxford, said: "In the medical sciences, it's partly a feeling that we're meddling with the real basics of life. But it's broader than that, a more general disillusion with high technology."

He agreed that scientists themselves were responsible for some of the disenchantment, because they had promoted a "breakthrough a week" mentality. "The broader effects are harmful because they feed back to government."

Sir David said he agreed with evidence produced at this week's meeting that British science was in the decline. In the case of clinical medicine, "university departments in the UK are too small to be able to use all the advantages of modern science".

Currency traders face down central banks

As dealers shun the dollar, **James Blitz** explores the role of fund managers in foreign exchange deals

WHEN Mr Norman Lamont, the chancellor, underlined the government's determination not to devalue the pound against the D-Mark this week, his words were directed at one group of people, the currency traders in the world's foreign exchanges.

Financial officials in Western governments have been waging a battle to win the hearts and minds of dealers in a market that has become increasingly volatile in recent weeks.

Central banks have tried to turn the markets by heavy intervention and by giving a boost to their currencies with prepared statements. They have encountered deep scepticism about the value of both sterling and the US dollar.

The dealers' scepticism about the pound has partly been the product of the UK's intrinsic economic weakness and the refusal of the UK authorities to raise interest rates – a move that would raise returns for those investing in sterling. A fundamental problem for sterling is the weakening of the dollar against the D-Mark, and the way in which large operators in the foreign exchange market have changed their view of the US currency in recent months.

The institutions pushing the dollar down are commercial banks, such as Citibank, UBS Phillips and Drew and Chemical Bank, which are trading their own books and speculating on the dollar's moves.

Investment institutions such as pension funds and fund managers have also played an increasingly important role in this market in recent years because of the huge international assets they hold. Some believe it is the fund managers who are responsible for pushing the dollar down through its all-time low against the D-Mark this week.

According to Mr Paul Chertkow, head of global currency research at UBS Phillips and Drew in London, the dealers in the inter-bank market initially triggered the dollar's fall in the spring. "The further easing of monetary policy in the US and the growing belief that Germany would not cut interest rates made it expensive to carry dollars for a long period of time," he said.

Obsessed by a 6.75 percentage point differential in interest rates in favour of Germany, they started to push the dollar down from its highs at about DM1.60 in April.

The dollar has not descended from that point in a straight line, however. The US currency has rebounded at times through central bank intervention, short-term profit taking and the existence of a hard core of investors who felt that the US economic upturn was around the corner. This volatile trading has made it difficult for bank dealers to make profits by buying large blocks of single currencies and selling them a short time later.

A big factor behind the dollar's fall was action not by bank dealers but by fund managers and pension funds, which hold very large currency portfolios. It appears they sold the dollar down to the new low when they saw central bank intervention had failed to sustain the US currency.

These institutions are not active speculators in the market. Normally they take a long-term view. Their potential role is huge, however.

A currency dealer at a bank normally has at his disposal about $20m of funds to invest on a daily basis. A pension fund manager is, in theory, able to switch funds into different currencies using a pool of billions of dollars.

According to Mr David Cocker, a currency economist at Chemical Bank in London, fund managers have been increasingly keen to invest in currencies because of uncertainty in world stockmarkets. "Right now, cash is king and the investment funds have gone for where the higher yields are, namely the D-Mark," he said. But as the dollar has declined, they have also hedged their underlying dollar-denominated assets by purchasing D-Marks.

Although individual fund managers dislike discussing their operations, a market observer claimed that one fund radically altered its currency portfolio last week. "When the dollar was at DM1.46, all their funds were in dollars," he said. "At DM1.44, it was 50 per cent exposed. At DM1.40, it was 25 per cent exposed."

For the last three days, the dollar has held its ground at DM1.40. The market has even managed to push the currency up to DM1.4170, without any prompting from central banks.

But, according to Mr Chertkow, if the dollar is pushed below DM1.40, that could trigger more aggressive dollar selling by the big investment funds. "You could see wholesale liquidation of assets such as we saw in the dollar crisis of the 1970s," he said.

FINANCIAL TIMES

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Saturday August 29 1992

Crashing the money gears

THE DESIGNERS of Europe's monetary engine insist that everything is working as usual. It is not. The links to the rest of the world are changing chaotically; the ride is uncomfortable; and ambitious plans for the future are apparently being questioned by the French passengers. Change may be on the way.

Exchange rates convert nominal values in one currency into their equivalents in another. A fixed exchange rate is like a fixed gear. Economies that are credibly linked via a fixed exchange rate must share a single rate of monetary acceleration or deceleration. When an exchange rate floats, the gear constantly changes. Economies linked by a floating exchange rate can have independent monetary policy, as the US and Germany show today.

For 20 years exchange rates among the three largest market economies – the US, Japan and Germany – have floated. At times the float has been almost completely free. At times it has been managed. But there has been nothing similar to the fixed rate regime established at Bretton Woods or, more recently, by the European Monetary System.

Floating exchange rates have allowed a US obsessed with the need for recovery, unconcerned about inflation and weighed down by debt to co-exist with a Germany in the turmoil of unification and suffering from serious conflicts between the government and the Bundesbank. A 3 per cent discount rate in the US can co-exist with a 9¾ per cent Lombard rate in Germany. Disappointment that the US economy is not growing fast enough can co-exist with German disappointment that inflation is not falling quickly enough. But something must adjust. The something has been the exchange rate, down to a low of DM 1.40 this week.

Since the US and Germany will not agree to the same monetary policy, currency adjustment is inevitable. For both sides, that adjustment has even been desirable: expansionary for the US and disinflationary for the Germans. But this does not mean that they have both shifted back to the benign neglect of the Reagan years. In the last resort, intervention will be backed up by willingness to modify monetary policy. When that becomes obvious, intervention is likely to be successful.

Co-operation unlikely

Nevertheless, it is most unlikely that either the US or the Germans will be willing to return to the close co-ordination seen between 1985 and 1987, at least in the near future. The plight of what is fundamentally the world's strongest economy, Japan, shows how right they are to be cautious.

In the second half of the 1980s Japan subordinated its monetary policy to exchange rate stability more completely than either the US or Germany. The severity of the subsequent domestic destabilisation is revealed by the rise in the stock market to its peak of 38,916 in January 1990 and subsequent fall to a low of 14,309 last week. The latest and the most significant official response has been this week's emergency plan. Investors are encouraged, with the index jumping back to 17,971 by yesterday's close.

The divergence between the US and Germany has put other European currencies under severe pressure, notably the Italian lira and the pound sterling, the former at its floor yesterday and the latter less than one pfennig above it.

Lack of credibility

European countries have fixed their monetary gears. True, the ERM bands provide a small amount of flexibility. More important in creating policy divergence has been the lack of credibility of the ERM linkage. But weak credibility is not helpful. It means that monetary policy must be even tighter than Germany's.

With its discount rate already at 13¼ per cent, the Italians know the problem well. The Swedes, forced to raise interest rates by 3 percentage points this week, have learned the same thing, even though they are merely shadowing the D-Mark while still outside the ERM. The UK may also be forced to raise interest rates above the German level.

A currency linked to the D-Mark must have the same monetary policy as the Bundesbank. One way out is to break the link. But for Mr Lamont and his European colleagues, this remains unthinkable. Another is for the G7 to co-ordinate monetary policies more closely, but neither the US nor the Germans are in a hugely co-operative mood. Yet another is for the markets to change their minds, something markets are prone to do. Last but not least, as weak currencies reach their limits, ERM rules could force the Bundesbank to intervene too. But this would also undermine German monetary policy.

The question is whether the German government would back the Bundesbank in its preference for a realignment or other European governments in their desire for a laxer German monetary policy. Either way, there could be an almighty row. With the French referendum looking more likely to be unfavourable to European union, Europe's monetary machine is under stress, perhaps to breaking point.

David Goodhart looks at the options facing unemployed UK executives

Escape from the black hole

The consultants and counsellors who advise the growing reserve army of unemployed executives in the UK often compare losing a top job to divorce or the death of a close relative.

The unemployed executive may be more comfortably off than the average worker, but unemployment can be a greater psychological blow. "If you have really invested yourself in your career, and neglected your family in the process, unemployment can be felt as a terrible rejection, the opening up of a black hole," says Mr Bill Robbins, a counsellor with the DBM consultancy.

Until recently, this sort of language might have been dismissed as the hyperbole of a fast-growing, and profitable, industry. But the mental health of depressed executives can now make front-page news, as it did last week when Mr David Elton, the oil executive who lost his job when Ultramar was taken over by Lasmo, killed his wife and then himself.

Middle and senior managers in the UK have traditionally enjoyed greater security of tenure than blue- and white-collar workers. They have also been more secure than their US counterparts who have long been used to a more vigorous hire-and-fire tradition. "The ordinary British worker could always blame someone else if he lost his job; an executive felt he could only blame himself," says Mr Robbins.

Those days are gone now that executive unemployment – as defined by the Department of Employment's list of professional and managerial occupations – rises to the 350,000 mark, and advertisements for general managers routinely attract 500 replies. Thanks to corporate restructuring many of the lost jobs will never return; a recent survey by Reed Personnel Services found that managers will be in least demand as the recession ends.

As executive unemployment has become more routine so the stigma has diminished. Recruiting agency Jamieson Scott illustrates the point by reference to a client living in an exclusive cul-de-sac in Surrey. When he lost his job two years ago, he initially hid the fact from his golf-partner neighbours. He is now much happier as all but one of the seven breadwinners in the cul-de-sac are also unemployed.

Some senior executives do well out of redundancy. Mr Ian Bell of outplacement agency Sanders & Sidney says the average executive has a severance package equivalent to 11 months' pay but gets a new job within five months, half at a higher salary. Other London-based outplacement agencies, which run courses and provide assistance to get executives back into the job market, quote similar figures.

Many specialists in executive unemployment are sceptical of such optimistic figures, however. And in any case, only about 20 per cent of unemployed executives enjoy the service of an outplacement agency.

Those who do are usually doubly privileged, as it tends to be the larger, enlightened employers which provide outplacement as part of a redundancy package. Those same employers often provide pay-offs of £70,000 to £100,000 for departing executives or bring forward a pension of two-thirds of final salary for executives in their mid-50s.

The worst-off are those who work for companies that go bankrupt. They eventually receive the UK minimum for redundancy which, even for those with long service, totals no more than about £2,500.

If the executives are not self-employed and have been in work for more than two years, they can also claim £43 a week in unemployment benefit, which is not means-tested, and income support, including the payment of some mortgage interest, which *is* means-tested.

For people who have been used to earning £40,000 a year or more, this crash in their standard of living combined with the undermining of self-esteem can be devastating. The transition was illustrated last week by businessman Mr Stephen Ensor and his family, who spent the night in a council hostel for the homeless after being evicted from their £350,000 home.

Most unemployed executives fall between the extremes of a handsome pay-off and penury. Money is tight but a small severance payment plus savings or a spouse's earnings keep things steady for a few months at least. Mr Nigel D'Auvergne, who runs the Executive Self-Help Group in St Albans, says the average pay-off among his 50 members, mainly middle-managers, has been £20,000 to £30,000.

One of Mr D'Auvergne's first steps on losing his job was to visit the local Citizens Advice Bureau: "A lot of executives feel a bit squeamish about that but they should find out what they are entitled to."

To many executives dismissal comes out of the blue. "The personnel directors always say 'he knew it was coming', but the executives usually say it was a complete shock and often feel very bitter, especially if they have been with the same company for 20 years," says Mrs Donna Fidler of DBM.

How do executives behave once the initial shock has passed? A small minority lose their identity when they lose their jobs and teeter close to, or fall into, the "black hole". But most, according to Mr D'Auvergne, feel a mixture of elation and anxiety.

Mrs Jennifer Bowden of HS Solutions says the key is to stay calm and find the right "mind-set": be neither complacent nor over-anxious; remember you remain the same person with the same skills the day after you lose your job.

According to Mr Roger Shipton of KPMG Career Consultancy Services, most executives are not particularly entrepreneurial or dynamic, especially if they have been in one company most of their lives; even people in marketing may have forgotten the basics of how to sell themselves.

For that reason, the experts encourage unemployed executives to take advantage of any help available in applying for a job. The Department of Employment's 105 executive job clubs are criticised by some job consultants but a third of the 12,000 executives who passed through their doors last year found jobs. Executive self-help groups, such as that in St Albans, provide better support for the depressed and usually try to include executives' spouses. Training and Enterprise Councils are also taking a closer look at executives and some have set up programmes which employ qualified executives as consultants to small businesses.

Discipline and careful planning are essential, but the experts warn against the scatter-gun method of firing off 500 curriculum vitae. Mr John Baker, a former salesman unceremoniously let go by Shell Gas last May, also warns to expect virtually no replies from written inquiries or even job applications.

● **Networking:** Ian Bell of Sanders & Sidney says that responding to advertisements, being placed by a headhunter and cold-calling together account for only about 25 per cent of jobs for unemployed executives. The other 75 per cent of jobs come from networking – which means using past business contacts. Mr Bell says you can expand your network by asking for two more names every time you leave a meeting with a contact.

● ***Self-employment/consultancy:*** Mr Chris Humphries, chief executive of Hertfordshire TEC, says that self-employment is the first thought for most executives, but only a few see it through. Consultancy is a more realistic option, as many companies will offer to hire back redundant executives as consultants. It helps to have a specialist executive skill like Mr John Pickering, a 55-year-old former BT executive who is an expert in wayleaves – obtaining permission to lay cables – and is in demand from telecoms companies.

Mr Tim Hugh-Garland who runs First Partnership, specialising in setting people up as consultants, says about a quarter of his clients succeed. But consultancy is increasingly competitive and requires a subtle mixture of personal and technical skills. Mr Jim Potts, 51, who lost his job when chemical company Laport was sold to Solvay, tried consultancy but, like others, found it too lonely. He is now chief executive of Greater Nottingham TEC and setting up a self-help group for unemployed executives.

● ***Flexibility:*** Many executive jobs will never return. Mr Shipton of KPMG and others stress that executives must be ready to retrain for another industry if their skills are too specific, or consider a "portfolio" of part-time, perhaps consultancy-related, posts.

But how ready should executives be to take cuts in pay and/or status? Few will go as far as Mr James Guest, 39, a former £80,000-a-year City stockbroker who now drives a London bus for £15,000 a year – exactly the sum he received when he landed his first job as a metal broker in the City in 1981. He bought a company dealing in property for restaurants and hotels in 1987 but after two good years had to sell out in 1989.

"Driving a bus can be quite physically demanding but it is fun going through the City and seeing my old mates," says Mr Guest, an Australian. He plans to get back into business as soon as possible, but adds that, for those who need to work, what he is doing is better than nothing. A degree of downward flexibility on pay can only help, though headhunters such as Mr David Juster of Selector Europe warn that aiming too low could backfire, as employers do not like taking on people they believe over-qualified.

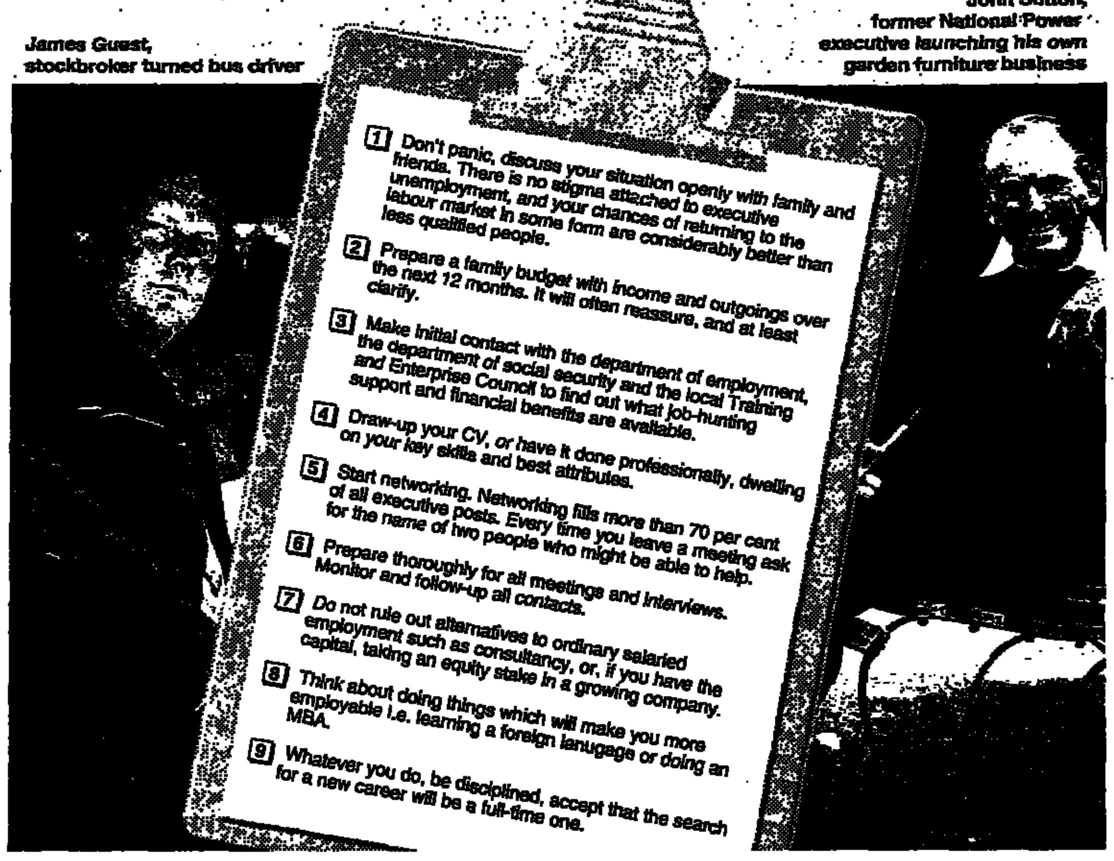
One idea for executives with capital or particularly generous pay-offs is to take a stake in a small business looking for an outside investor. But something that is generally frowned upon by the consultants is trying to turn a hobby into a business. Mr John Sutton, who lost his job when National Power closed its laboratory at Leatherhead, tried to turn his interest in carpentry into a small garden-furniture business. Holmwood Garden Seats did not take off, however, and with six of his eight children from two marriages still needing varying degrees of support he has successfully switched to consultancy, winning a £25,000 contract. "I've been lucky but many people coming out of former nationalised industries have no idea where to begin," he says.

Others who can find it especially tough are people in their mid-to late-50s and those coming out of the armed forces. Most unemployed executives have valuable skills and in a few years, with the projected decline in the population, will be badly needed by industry. "The trick is," says Mr Roger Young of the British Institute of Management, "to keep their skills from wasting away before they are wanted again."

Check-list for unemployed executives

James Guest, stockbroker turned bus driver

John Sutton, former National Power executive launching his own garden furniture business



MAN IN THE NEWS: Helmut Schlesinger

No retreat for inflation buster

At the end of a normal day at the Bundesbank, Helmut Schlesinger generally departs from his 12th-floor office well after the rest of the bank's seven-strong directorate.

As the president's armour-plated Mercedes purrs through the bank's gates en route to his modest home in the hills around Frankfurt, he leaves behind a thick crop of news agency reports listing the impact of the Bundesbank's tough and increasingly controversial monetary policies on the financial markets.

It has become a cliché to say that, the more unpopular the effect of the Bundesbank's stern interest rate action, the better Mr Schlesinger is doing his DM600,000 (£215,000) a year job. The president, however, knows that life is more complicated. The Bundesbank is statutorily obliged to maintain a low German inflation rate, preferably between zero and 2 per cent, compared with the underlying level of 4 per cent caused by the demand pressures of German reunification.

But, in using its celebrated independence to fulfil that aim, Mr Schlesinger knows that even Europe's dominant central bank faces political limits. As the feeling grows among politicians – both in Germany and abroad – that the Bundesbank may be growing too powerful, Mr Schlesinger's task is to remain true to his anti-inflationary brief – without too obviously overstepping those political constraints.

The angular Mr Schlesinger has been following this week's unrest on the foreign exchanges from his holiday retreat in Greece. After 3½ weeks in the sun, he will be back in the office next week, ready to celebrate his 68th birthday on Friday. He knows, though, that the pressures of his job are mounting.

The president has three particular problems. The central bank remains highly sceptical about the European Community's efforts to achieve economic and monetary union by the end of the decade. But it cannot risk taking any action which appears to be a direct attempt to sabotage that goal.

The Bundesbank has been worried for some time about the lack of flexibility of exchange rates in the European Monetary System (EMS), where the last full-scale realignment took place in January 1987. The Bundesbank believes that some currencies – above all the lira, and perhaps sterling – are overvalued. Again, for political reasons, it cannot afford to be seen to be touting the idea of realignment.

Most importantly, the Bundesbank believes that its anti-inflation policies are being stymied by excessive German public sector budget deficits.

Central to the Bundesbank's predicament is its relationship with Bonn. In several policy questions during the past two years over German unification, the Bundesbank's advice was either ignored, or not sufficiently heeded, by Chancellor Helmut Kohl's administration.

The Bundesbank's ¾ point increase last month in its discount rate to 8¾ per cent was therefore not simply a bid to flex monetary muscles. It was also an attempt to strengthen its own flagging policy-making credibility.

Mr Schlesinger did his best to keep the impact of last month's rise within bounds by prevailing on the Bundesbank's policy-making council not to increase the internationally more important Lombard rate, currently at 9¾ per cent. The belief on the foreign exchange markets that an increase in the Lombard rate may simply be a matter of time, together with qualms about the French referendum on the Maastricht treaty on September 20, have contributed to this week's fresh rise in the D-Mark.

As the German economy enters a period of stagnation, complaints about the Bundesbank's policies are also rising at home. Mr Theo Waigel, the finance minister, has been voicing his belief that the Bundesbank's concern about overshooting this year's money supply target is overdone.

The central bank up to now has managed to brush aside a call by Mr Franz Steinkühler, the head of the IG Metall metalworkers' union, for the Bundesbank to be made more "democratically accountable". But if the economic slowdown continues – and especially if export-dependent industry is hit harder by the fall in the dollar – Mr Steinkühler's arguments may strike a wider chord.

In responding to criticism from home and abroad, Mr Schlesinger habitually replies that there is no alternative to combating inflation in the country which is Europe's monetary lynchpin.

He also says that countries, such as Britain, which have pegged their currencies against the D-Mark within the EMS are free to take action to change their exchange rate if they find the constraint too great. As he put it cryptically last month: "We are not in a [European] monetary union." Mr Schlesinger is too polite – and cautious – to spell out his feelings directly. But his fundamental message to the UK government is it has two choices: either to take all necessary action (including raising interest rates) to defend sterling's parity, or to carry out a devaluation.

In the war of nerves over the EMS, there is perhaps a third option. Mr Schlesinger's Achilles' heel is his fear of exposure to disruptive currency inflows from abroad. He admitted earlier this month that if weak currencies fell to their floors against the D-Mark within the system, "a critical situation" would arise. This is because the Bundesbank would be forced to intervene in theoretically unlimited amounts to defend weaker currencies – action which could add large amounts of liquidity to the banking system.

When obligatory large-scale intervention was last necessary – to boost the French franc – in January 1987, Mr Schlesinger quickly prevailed upon Mr Kohl to accept a D-Mark revaluation.

Depending on what happens to the lira and sterling, the German government may yet be pushed into accepting the need for a D-Mark revaluation. However, with the EC yesterday ruling out an EMS currency realignment, it is apparent that governments and central banks will strain every sinew to make sure that no action is taken before the French referendum on September 20.

David Marsh

A framework, but no fine print

The gloom over Yugoslavia has lifted slightly, says **Judy Dempsey**

There was a widespread feeling among participants and observers that this week's London conference on the former Yugoslavia would not achieve much.

The negotiations opened against a background of increased fighting in the besieged Bosnian capital of Sarajevo. Refugees continued to pour out of Bosnia, and Serbian president Slobodan Milosevic – the main protagonist in the conflict – threatened to boycott the conference jointly organised by the United Nations and the European Community.

There were misgivings about whether the UN and the EC could persuade all sides to agree a framework for negotiating a constitutional settlement for Bosnia, and deciding the status of the ethnic minorities in the former Yugoslav federation. After all, countless ceasefires and promises had been broken in the past.

Yet after two days of intense negotiations, Mr John Major, the British prime minister, acting as President of the EC, and Mr Cyrus Vance, the UN's special envoy to Yugoslavia, produced agreement on four documents which, in the long term, provide a basis for bringing peace to the Balkans. This is an important achievement but, as Mr Major himself acknowledges, it is just a small step in the process towards a lasting settlement. The most important question is whether the aims stated in the documents can be implemented; and whether the fighting, which has already claimed the lives of at least 25,000 people, and has made more than 2m people homeless, will now end.

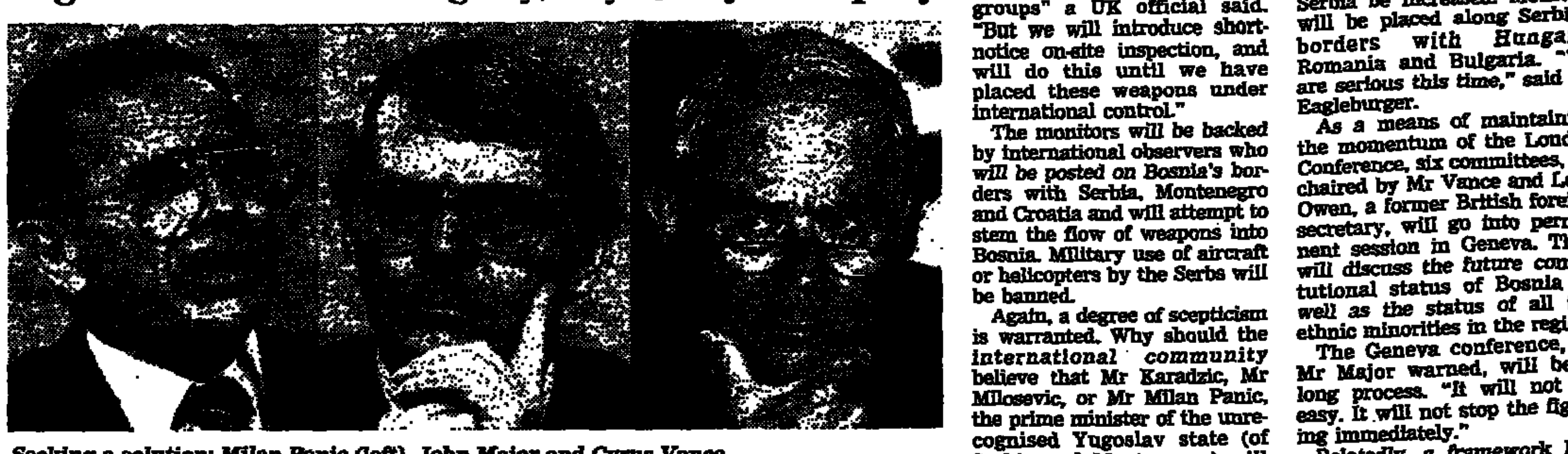
To achieve this goal the UN and the EC have, through the documents, established a system of inter-locking mechanisms. For instance, the document on Bosnia states that the international community will not tolerate the division of Bosnia and that land seized, particularly by the Bosnian Serbs, led Mr Radovan Karadzic, will never be recognised.

On its own this means little. But it will be backed up by initiatives outlined in the document on humanitarian issues. Over the next few days, the UN Security Council will amend its mandate so as to allow UN personnel to use force to protect towns and cities under siege in Bosnia. The UN forces will also be strengthened by armoured personnel carriers and about 6,000 extra troops.

The conference received agreement from Mr Karadzic that he will open all detention camps, and allow detainees to return to their homes. Neither Mr Vance nor Mr Major doubt the enormity of this problem. Thousands of villages have been destroyed.

To overcome some of these problems, the International Red Cross and the United Nations High Commission on Refugees will attempt to provide shelter for the homeless in the short term. But Mr Lawrence Eagleburger, the acting US secretary of state, said Bosnia would require a large economic reconstruction and aid programme. "We do not want these people to be living in camps for the next 20 years. They have a right to go back to their homes," he said.

But there is a big obstacle. How can people return while the fighting continues?. And



Seeking a solution; Milan Panic (left), John Major and Cyrus Vance

how can the fighting stop while the Serb forces possess the heavy weapons and artillery which they have used to besiege the cities of Sarajevo, Gorazde, and Bihac?

A third document called Confidence, Security Building and Verification, attempts to address this issue. It states that once these weapons have been located, they must be placed under international supervision within 96 hours. Yesterday, diplomats said that the timing of this process would be discussed at the Geneva talks, a follow-up to the London conference, which opens next Thursday.

This document, however, is flawed. It does not take into account the unreliability of Mr Karadzic, or General Ratko Mladic, his military commander in Bosnia. Nor does it resolve the problem that the fighting in Bosnia is being waged by irregular, and often undisciplined units.

"I agree that we have to deal with all sorts of paramilitary groups" a UK official said. "But we will introduce short-notice on-site inspection, and will do this until we have placed these weapons under international control."

The monitors will be backed by international observers who will be posted on Bosnia's borders with Serbia, Montenegro and Croatia and will attempt to stem the flow of weapons into Bosnia. Military use of aircraft or helicopters by the Serbs will be banned.

Again, a degree of scepticism is warranted. Why should the international community believe that Mr Karadzic, Mr Milosevic, or Mr Milan Panic, the prime minister of the unrecognised Yugoslav state (of Serbia and Montenegro) will co-operate? The Serbs may rally behind Mr Milosevic and Mr Karadzic and defy the weight of international pressure. The west may therefore pin their hopes on Mr Panic.

Mr Major stated the options in the form of a stark choice. "You sign up, and eventually you will be welcomed back into the international community. If not, you face isolation."

Already, Mr Boutros Boutros Ghali, the UN secretary-general is recommending that the scope of the sanctions currently imposed on Serbia be increased. Monitors will be placed along Serbia's borders with Hungary, Romania and Bulgaria. "We are serious this time," said Mr Eagleburger.

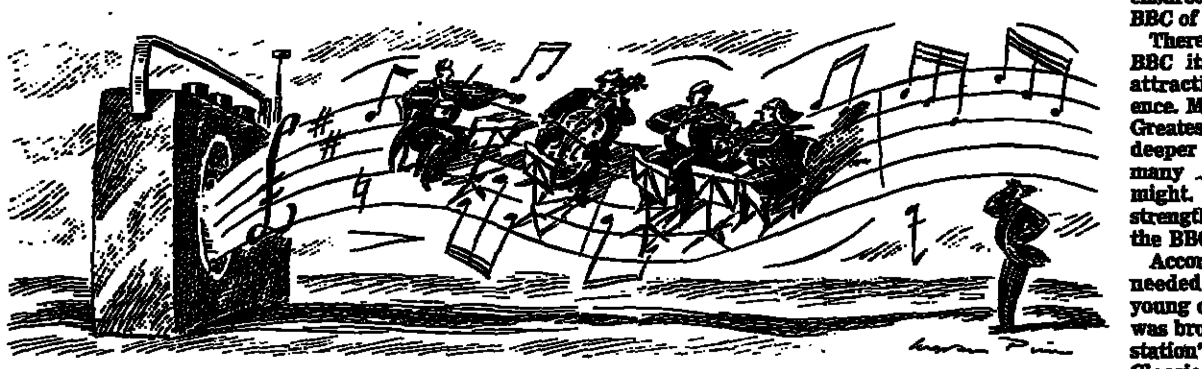
As a means of maintaining the momentum of the London Conference, six committees, co-chaired by Mr Vance and Lord Owen, a former British foreign secretary, will go into permanent session in Geneva. They will discuss the future constitutional status of Bosnia as well as the status of all the ethnic minorities in the region.

The Geneva conference, as Mr Major warned, will be a long process. "It will not be easy. It will not stop the fighting immediately."

Belatedly, a framework has been established, the first substantial achievement in bringing peace to the Balkans. The task now facing the diplomats is to dilute the fear, revenge and hatred which have scarred the people of Bosnia – but which finally galvanised the international community into action.

Antony Thorncroft tunes in to Classic FM's launch

Mozart for the masses



Anyone running through the wavelengths of their radio in recent months will have been startled to come across a channel, at around the 100 spot on FM, which seems to broadcast nothing but bird-song.

From 6am on September 7, the birds disappear but the songs remain, supplemented by symphonies, concertos and string quartets. Classic FM, which claims to be the largest commercial radio station in the world, will take to the airwaves.

It is certainly the first land-based commercial station to cover the UK, or rather 80 per cent of the country initially.

Next year it will be joined by a national pop channel, but in the meantime it has the opportunity to attract Britain's growing band of classical music listeners. The arias and melodies used in television commercials have captured the imagination of a substantial segment of the population. Puccini's aria "Nessun dorma", the signature tune of the 1990 World Cup, topped the record charts.

John Spearman, the former chairman of CDP, the advertising agency, who is chief executive of Classic FM, expects to tempt 7 per cent of the population to listen to the new channel for up to six hours a week. He has already persuaded advertisers like W H Smith and Time magazine (both of which have never used the medium before) to buy spots.

Despite the deep recession in the advertising industry, Spearman is surprised to be above budget targets and expects perhaps £4m in advertising revenues in the first year. For clients, the attraction is the audience of affluent spenders which is expected to be drawn to the station.

But perhaps an even bigger surprise is that Classic FM is taking to the airwaves at all. When the Radio Authority sought bids for the licence last September, Classic FM's offer of £6m was beaten by Sir Peter Parker's Show Time station, with a format of middle-of-the-road music. But then Show Time fell victim to economic pessimism and withdrew. Classic FM, funded mainly by Sir Peter Michael, chairman of Cray Electronics, and Time-Warner, which share 70 per cent of the equity, won the day.

A frantic start-up operation then ensued. It produced studios in an underground boiler-room at Camden Lock; a library of 6,000 CDs; and a team of announcers better known for their broadcasting experience than their love of classical music. The main morning slot is taken by Irishman Henry Kelly, familiar as a TV host, while the equally important drive-home programme will be in the care of Margaret Howard, whose removal from BBC Radio 4's "Pick of the Week" caused a middle-class uproar.

Classic FM will not stretch the listeners' mental powers too much. The morning wake-up programme will play short – seven-minute or so – selections of favourite tunes, with the musical pieces getting longer throughout the day. Many programmes will be sponsored, including the weather and traffic reports, and live broadcasts will be limited to the occasional recital, although members of the LSO have been contracted to perform regularly throughout the first year.

Although advertising revenue is higher than forecast, Classic FM still faces a tough financial future. It must recoup the £5m cost of installing its transmitters; it must pay the Radio Authority an annual licence fee of £650,000, plus a small percentage of its revenue; and it has yet to conclude negotiations over royalty payments to record companies and artists. But Spearman is optimistic that in four years income will be £16m-plus and the station will be profitable.

Whatever its long-term achievements, Classic FM can claim at least one short-term victory. It has lit a fuse under the BBC's classical music channel, Radio 3.

For years, Radio 3 hummed along, capturing only 5 per cent of BBC Radio's declining audience, at a cost of £50m a year. But its unrivalled reputation as an artistic force, funding four orchestras and commissioning dozens of new works every year, protected it from criticism.

In the intensive review of all the BBC's activities, initiated by Mr David Mellor, the national heritage secretary, the performance of Radio 3 has come under the spotlight. The result has been surprisingly encouraging. Radio 3's commitment to cultural innovation has ensured it an important role in the BBC of the future, but at a price.

There was a feeling within the BBC itself that Radio 3 was not attracting its full potential audience. Many who bought Pavarotti's Greatest Hits would never infiltrate deeper into classical music; but many more, given a helping hand, might. The advent of Classic FM strengthens the hands of those in the BBC arguing for change.

According to this group, Radio 3 needed to sound less stuffy. A young controller, Nicholas Kenyon, was brought in to try a broaden the station's appeal. The imminence of Classic FM's launch speeded up some of his changes, which were introduced last month to a predictable outcry.

Kenyon attempted to make the wake-up programme "On Air", which attracts Radio 3's largest audience, more accessible, with shorter items of popular music and more frequent news bulletins. He added talk and reviews to "In Tune", the drive-home programme.

Radio 3 has an articulate audience and it has made its voice felt in the press and through letters to the BBC. Most of the reaction has been negative.

Kenyon is unrepentant. Every change to BBC programming produces a similar outcry, he says, adding that the decision to move "Women's Hour" from the afternoon to the morning produced a much more vociferous reaction. Kenyon has moved to placate his critics, extending the musical items in "On Air" to 20 minutes or more and bunching the news reports so that they are less obtrusive.

But he retains his aim of making Radio 3 accessible and of alternating music with talk and drama. More changes such as the introduction of an arts review programme will be announced on September 13.

It is too soon to judge whether the audience for Radio 3 is growing but Kenyon seems confident. The station will still play much more Stockhausen and Boulez than Classic FM could ever imagine. It will also play more Mozart and Vivaldi than it did in the past. Its commitment to drama, and to funding the arts, is intact.

The US supports 50 classical music stations. The undoubted growth of interest in classical music in the UK should enable two stations to thrive, especially as they do not clash head-on, in spirit or in ambition. Classic FM could even become the conduit which will eventually expand the audience for Radio 3.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. *Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution*

A new broad curriculum exam needed

From Mr Peter Wood.

Sir, Might I yet again suggest that the opponents and the supporters of the A-level examination are advancing arguments which are perfectly capable of practical reconciliation.

Your Leader ("Exam results", August 20) points out that the only real function of A-levels is to select "a small minority" of university entrants. It is vital, as the government argues, to maintain this "gold standard".

What is absurd, however, is to maintain that here is a hoop through which *all* our young people must go, whatever their leanings.

More absurd is the uniquely snobbish, but uneducated, insistence on the lower value of vocational qualifications – as though such disparate areas of talent, activity and assessment could be meaningfully compared.

The absurdity derives from the egalitarian post-Robbins belief that everyone must have a university education and those who do not, or who cannot get one, are of lesser value.

One in five A-level entries results in a fail grade, as your editorial points out. Supporters of the A-level should, thus, surely be quite happy to concede that we stop forcing pupils with other than high academic talents and interests into this channel.

What problem would arise if the A-level examination remained an option for those suited to it, while a broader curriculum examination on the lines you advocate is introduced for the majority?

Many schools, in any event, provide a broad range of options at fifth and sixth form levels. These options could be made generally available; and they would fail only if they ceased to be options and became obligatory.

Artists will take to calculation if it is introduced sympathetically and with feeling!

Peter Wood,
Newbold Farm,
Duntisbourne Abbots,
Cirencester,
Gloucestershire
GL7 7JN

Dividend cuts and dubious performers

From Mr Patrick Barr.

Sir, Adoption of a long-term dividend policy appropriate to investors and compatible with a company's cash needs is sensible. But Prof Paul Marsh argues (Personal View, August 12) for adherence to "conventional ground rules".

Companies smooth dividends to balance cash needs and investor requirements. When the outlook improves, inevitably this is painless; with a downturn it is not. But a dividend reduction may well be consistent with achieving the new balance required and should not be ruled out. Thus bad news exists for the company whether the dividend is cut or not. But his article implies that the very fact that there is a dividend cut creates abnormal returns. This cannot be right. The cut is probably inevitable; but declaring it does not in itself put it into the "club of dubious performers".

Dividend announcements are important and do have an impact on investor returns by affecting stock price. But Prof Marsh's conclusion is too simple.

He does not clearly prove asymmetry (marginal returns in an increase not equal to returns on a similar reduction) because he does not seem to compare same-size dividend increases and reductions.

His graphs show abnormal changes in returns before the dividend announcement – revealing dividend announcements are not the only way a company can inform investors.

I wonder how many of the dividend announcements used in the research were made at the same time as other announcements or annual results.

For a company unable to fund its dividend in the short term it is a financing problem; but, longer term, not to the point where a company should consistently borrow to finance the dividend and the profitable investments he endorses. Apart from the cost of debt rising, as lenders see the uncovered dividend and rising gearing, investors can probably borrow on their own account as easily. Anyway, most investors are advised to spread their risk by investing in a portfolio.

Finally, in his opening example, if no dividends had been paid by shares in the portfolio, then presumably there would have been a marginal increase in the share price, compensating the investor for the dividend forgone.

Patrick Barr,
11 The Avenue,
Claygate,
Surrey KT10 0RX

Testing time for traders at the TSO

From Mr Brian Crack.

Sir, Having just received a visit from a Customs and Excise officer in connection with the new Intrastat requirements from January 1 next year, I was intrigued by Alan Cane's article on new VAT rules ("'Heads buried in the sand' over VAT rules", August 24). The officer was extremely helpful though somewhat embarrassed in that, as you report, final details of the legislation have yet to be settled.

In contrast, the Trade Statistics Office is taking an extremely unhelpful attitude. I am informed that the commodity code booklet, which gives all the commodity codes we are likely to need as traders, is only available for sale, at £10. Consequently, British business is being asked to pay to find out the numbers they must include on their returns.

Moreover, I understand that the TSO is refusing to send directly to traders the forms necessary to enable the TSO to maintain a register of traders. It will send them only to the relevant Customs and Excise offices. The result is traders are being asked to complete forms which they will have to find ways of ensuring they receive.

My company has already spent much time and effort trying to ensure it complies with the regulations – so far as they are known. We also understand the need to provide information. But I do feel the attitude of the TSO should become more user-friendly – as has recently happened with Customs and Excise, and the Inland Revenue.

Brian Crack,
managing director,
SICO Space
Management Systems,
Henwood Industrial Estate,
Ashford,
Kent TN24 8DH

Grand Metropolitan's share price slips on ice

From Lesley Smith.

Sir, I note that Grand Met's share value closed down 33p on Tuesday. Lex (August 26) attributes this to poor predicted pre-tax profits, the difficulties of Green Giant, and the failure of British beer drinkers to keep up their consumption.

But we in North London – with its huge density of share owners and city analysts – know the truth. It is due to the decision to cease production of Häagen Dazs Swiss almond vanilla ice cream. This was truly the connoisseur's ice cream – its loss could only lead to a plunge in confidence in Grand Met and to Tuesday's bad news. Let us hope Sir Allan Sheppard learns his lesson.

Lesley Smith,
52 Etherley Road,
London N15 3AJ

A Lament on the Wreck of the Britannia

From Mr Michael Foreman.

Sir, Mr P B Swain's discovery of "Lamont" among the "new lows" listed in your newspaper (Letters, August 26) reminds me of Longfellow's "The Wreck of the Hesperus". The last two lines of the poem read:

Christ save us all from a death like this
On the reef of Norman's Woe!

Michael Foreman,
6 The Glade,
Sevenoaks,
Kent TN13 3HD

S African bank in talks to buy H Ansbacher

By Roland Rudd

THE FIRST National Bank of South Africa, one of the republic's largest banks, yesterday said it was at an advanced stage in talks to buy Henry Ansbacher Holdings, the small UK merchant bank.

If the negotiations prove successful it will be the first time a South African bank has acquired a British bank. The takeover would need the Bank of England's approval.

Mr Barry Swart, managing director of First National said "We have had in-depth talks with Ansbacher and hopefully we will reach a conclusion within the next several weeks."

First National was formerly an associate of Barclays before the British bank disinvested from South Africa in 1986.

Ansbacher said discussions about being taken over by the British merchant bank Singer & Friedlander had ceased. Its shares remained unchanged at 26p.

The talks, along with the recent decision of the Standard Bank of South Africa to open an office in London, mark the beginning of the republic's attempts to re-establish itself in Europe with a view to earning hard currency and attracting European investment into South Africa.

Senior directors of First National's merchant banking arm, First Corp Merchant Bank, which acquired the merchant banking operations in South Africa of Citicorp of the US five years ago, are leading the negotiations with Ansbacher in London.

The British merchant bank specialises in South African and third world debt.

"We have found that we are unable to service our multi-national clients satisfactorily without a European presence", Mr Swart said.

"We have therefore been looking to expand into Europe and London is an obvious first port of call."

He said his proposed takeover of Ansbacher was also motivated by the need to extend its dealing services and trade South African securities in London.

Two of Ansbacher's main shareholders – Pargesa, the Swiss investment group controlled by Belgians and Canadians, and Groupe Bruxelles Lambert, which together own about 62 per cent of the shares – have backed the decision to talk to First National Bank. The shareholders had been in talks with Singer & Friedlander.

Ansbacher recently unveiled interim pre-tax profits ahead from £1.1m to £1.9m for the six months to end-June.

For the year to end-December Ansbacher incurred a £8.2m loss after making heavy loan provisions.

The half-year profit increase was driven mainly by strong performances from the offshore operations and asset trading.

Swiss police start hunt for Lloyds Bank employee

By Ian Rodger in Zurich

GENEVA police have put out an international warrant for the arrest of an employee of the Geneva branch of Lloyds Bank, following the discovery of some SFr29m (£11.6m) in losses on unauthorised foreign exchange dealings.

The branch specialises in portfolio management for wealthy individuals. Lloyds would not reveal details of the incident, but said clients' money was not involved.

Geneva investigators say the employee, who is of both Egyptian and Swiss nationalities and is believed to have fled to Egypt, is a portfolio manager for some of the bank's Middle East clients.

Many of these clients did not wish to break the Koran's prohibition on interest-bearing investments, so they instructed him to put their money into foreign exchange futures and other instruments only offering the possibility of capital gain.

According to Mr Pierre Marquis, the investigating magistrate, the employee created phony accounts over the past five years for investing in foreign exchange contracts. When these accounts went into loss, he created phony pledges of funds from the accounts of some of his clients to cover the losses.

Lloyds said no other employees were involved.

This is the second time in a month irregularities in a British controlled bank in Switzerland have come to light. Zurich based Rothschild Bank, an affiliate of NM Rothschild & Sons in London, had to shore up its equity base following revelations of large loan losses, a breach of Swiss banking regulations and the arrest of a former senior executive.

Recessionary problems put pressure on tyres

Jane Fuller on how falling volumes and increased competition has affected Kwik-Fit

WHEN THE effects of recession start to permeate even the baked bean market, what company can be said to be recession-proof?

Apparently, fewer by the day – to the severe detriment of their share prices. Consumers long ago cut back on discretionary items such as cars and furniture but now they are even trimming such staples as baked beans and car tyres.

Take Kwik-Fit Holdings, which has a chain of nearly 500 centres throughout the UK replacing mainly car tyres and exhausts. In May, its share price soared to a high of 222p, nearly four times the level of August 1990. Since then it has dropped as low as 94p and closed yesterday at 102p. At the heart of the problem was the sudden cutting of profit forecasts from £36m to £24m.

While the tale of dashed hopes has some features peculiar to Kwik-Fit, the underlying story is that tyres – which account for half the company's sales – have fallen victim to the recessionary ills of lower volumes and price pressures.

Buyers were drawn to Kwik-Fit's shares as the company achieved a two-thirds increase in pre-tax profit in the year to February 29 to make a record £32.1m.

Further growth was assumed. It was reasoned that drivers keeping their cars for longer would fuel the replacement market. Add to this a legislative change, which increased the minimum tread depth from 1mm to 1.6mm, and the market was expected to grow by about 5 per cent this year.

With Kwik-Fit also boasting a strong balance sheet, after turning net debt of £19.1m into £3.5m cash in 1991-92, investors who were bearish on the UK economy and new car sales switched into the stock. "It is a big disappointment for them that it has not proved more recession-proof," says Mr Charles Burrows, at James Capel.

What happened was that publicity surrounding the new tread-depth law, which came into effect on January 1, pulled sales forward. It is estimated that distributors took about 2.2m tyres from the manufacturers in that month, about 700,000 more than in January 1991.

After the January bulge, it was believed that the market – which amounted to about 17.5m tyres last year – would settle down at a higher level. But by the early summer the pattern was of lower sales – 1.4m in June compared with 1.7m the previous year.

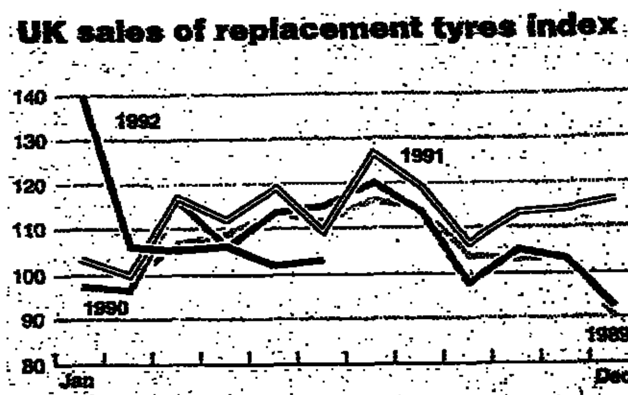
Analysts say that what investors had forgotten in the case of Kwik-Fit was the feature it shares with retail chains: high fixed costs.

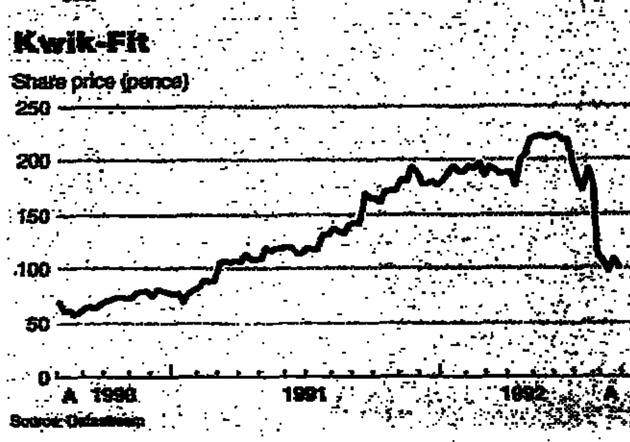
"Its high operational gearing makes it very dependent on volume," says Mr Andrew Fitchie, at SG Warburg.

Other factors threatening its profits on tyres have also come into play. Competition has increased as garages hit by falling car sales have put more emphasis on the repairs and replacement business. And motorists have traded down.

Mr Tom Farmer, Kwik-Fit's chairman and chief executive, says imports of cheap tyres from eastern Europe and Taiwan have risen considerably. In May importers supplied more than half the market.

Another measure of the switch to lower-priced products is sales of remoulded tyres. Mr Richard Swann, advertising and public relations manager at ATS, part of Michelin, says the group's remould factory "is working flat out to keep pace with demand".





But at least the penny-pinching motorist is replacing his or her tyres. According to the Tyre Industry Council, surveys carried out with the police have found that between 15 and 25 per cent of cars have at least one bald tyre.

There is some anecdotal evidence from the trade that the new law might have cramped the sales efforts of the tyre outlets. More people have been asking for the tread depth to be measured and if it tops 1.6mm, decide to leave the tyre on for a few hundred miles more. In the past, they might have relied on the fitter's advice on which tyres needed replacing.

Fleet managers keeping a tighter control on costs have been asking which tyres must be replaced, instead of blithely ordering new sets.

One factor crucial to the life of a tyre is the number of miles the car does. Some observers believe that the private motorist has started to cut down on mileage as an economy.

But figures to confirm this are hard to come by. An Automobile Association survey last year concluded that the average private motorist did 671 miles a month, or just over 8,000 a year, but it had no historical comparison.

When it sought drivers' views in the spring of 1991, it found that 85 per cent did not intend to change their motoring habits as a result of the recession. Some of those who said they would mentioned cutting their mileage.

The only up-to-date information comes from the Petrol Retailers Association. Mr Bruce Petter, director, said the market for "motor spirit" (excluding diesel) was 2.1 per cent down in the March to May quarter. And 1991 was 1.2 per cent down on 1990.

Even this modest decline represented a worse performance than in the depression of the early 1980s, when petrol sales kept going up.

Against this background of deferred spending and reduced activity, analysts are expecting that the interim results from the motor trade will show falls in the after-sales side of the business.

In Kwik-Fit's case, the continued growth of exhaust sales – a higher margin operation than tyres – will limit some of the damage. The company responded constructively to criticisms of the exhaust business in a Consumers' Association report, published in Which? magazine in January.

If it makes £24m pre-tax for the full year, this will still be well above the £19.4m made in 1990-91.

But investors are more likely to remember the sudden shock of this summer's downgrade and it will take all of Mr Farmer's marketing flair to rebuild credibility.

Richmond Oil accounts qualified as losses mount

By Peggy Hollinger

AUDITORS have qualified the accounts of Richmond Oil & Gas, the natural resource group which yesterday reported a dramatic increase in pre-tax losses from £795,000 to £43.9m for the year to March 31.

Touche Ross, which signed off the delayed results yesterday, said Richmond's ability to continue trading would depend on asset disposals. Furthermore, the accountants stated, there were "uncertainties" as to the value of some intangible and tangible properties.

Mr Robert Fox, Richmond's chairman, said the group's future depended on the sale of its coal bed methane interests. He added, however, that he was confident the company could be returned to profit.

The company narrowly escaped a qualification last year by announcing the sale of the coal bed properties in September. However, a dispute over mineral rights prevented completion in April. Richmond had received some $12.6m of the agreed $20m price.

Mr Fox said Richmond had to complete a deal on some of the remaining San Juan methane properties in the next 60 days. He added that Richmond was also intending to sell a stake of more than 50 per cent in its joint venture in Siberia.

Losses last year were magnified by the foreclosure on Richmond Ranch, purchased just two years ago for $80m. The company took an exceptional charge of £37m as a result. Mr Fox admitted that, with hindsight, Richmond had over paid.

Richmond also took a £4.8m write-down on its Texas Panhandle properties. Restructuring costs brought the total exceptional charge to £43.1m.

Operating losses jumped 87 per cent to £347,000 on sales 51 per cent ahead at £11.4m. The loss per share was 48p (1p).

Richmond also announced a management reshuffle, with Mr Fox becoming chief executive. Mr David Wilkinson would resign as joint managing director to become chief executive of the Russian venture. The board had decided not to send Mr Wilkinson to Siberia. He will be based in London and remains an executive director. The SFO inquiry into aspects surrounding Richmond's 1989 flotation continues.

Continuous Stationery £6.8m buy-out

By Tim Burt

Continuous Stationery, the printer of business forms and stationery, has announced a management buy-out via a share offer valuing it at £6.8m.

Managers at the company, which includes the Prontaprint copying chain, have been negotiating an offer with potential financiers for some time. The "public to private" buy-out follows a 9 per cent decline in profits last year.

A new company, Prontaprint 1992, has been formed to oversee the buy-out. The offer is 40p cash per share, which will be funded by the issue of new equity and subordinated loan stock in Prontaprint.

Alternatively, investors can opt for securities in Prontaprint 1992. shares

Crown selling French interests

By Jane Fuller

CROWN Communications, the USM-quoted commercial radio group which owns LBC, is close to selling its loss-making French radio interests.

Mr David Haynes, chief executive, whose Australian company Darling Downs TV owns 37 per cent of Crown, said the deal would reduce the group's debt of nearly £16m and remove a drain on cash.

RFM's main asset is a radio masthead, valued at nearly £12m in the September 1991 accounts. Price Waterhouse, the auditors, qualified the accounts because it could not say whether the value was fairly stated.

While the sale price, to a French company, was not disclosed yesterday, Mr Haynes said it would be less than £12m, so there would be losses.

Last year RFM accounted for nearly half the group's pre-tax loss of £6.79m. It was also a significant loss-maker in the six months to March 31, when the deficit amounted to £5.58m.

Mr Haynes said LBC, which runs the London radio stations, was cash neutral and would soon move into a small surplus. That would be the "only major asset left" after the RFM disposal and the planned sale of a majority stake in IRS, the advertising sales business.

The RFM sale is conditional on approval from the French radio authority.

Gerald Ratner keeps pay despite losing job

By Angus Foster

MR GERALD Ratner, famous for delivering value for money to his jewellery customers, is less successful when it comes to his shareholders.

Mr Ratner, who earlier this year was forced to step down as chairman of Ratners after the company ran into financial difficulties, received total emoluments of £574,452 in the year to March 1.

Although this represented a 7 per cent pay cut from the previous year, the payment came in a year when Ratners reported a loss before tax of £122m compared with a profit of £112m, when ordinary shareholders received no final dividend and when preference shareholders saw their dividends deferred.

Mr Ratner is also, apparently, receiving the same salary in his remaining role of chief executive as he received in his previous position as chairman and managing director. This is despite turning over his responsibilities as executive chairman to Mr James McAdam who took up the post on January 19.

According to Ratner's annual report, which is due to arrive on shareholders' desks in coming days, Mr Ratner received £541,401 in the 11 months before he gave up the chairmanship, equivalent to £1,573.86 a day. In the 21 days left before the accounts were drawn up, Mr Ratner received £33,051, equivalent to . . . £1,573.86 a day.

Meanwhile, Mr McAdam was paid £15,377 for the period, equivalent to a more modest £732.24 a day. Mr McAdam was not returning telephone calls yesterday to comment on whether he and Mr Ratner will continue on the same remuneration terms this year.

See Lex

Malaysian group has 5.8% of Lonrho

By Kieran Cooke in Kuala Lumpur

GENTING, the Malaysia based group mainly involved in gaming, plantations and manufacturing, has confirmed that associate companies have amassed a total 5.83 per cent stake in Lonrho, the troubled British conglomerate.

After a confusing 24 hours in Malaysian corporate circles, with reports and rumours giving Genting up to 10 per cent of Lonrho, Genting circulated yesterday copies of a letter it had sent the Kuala Lumpur Stock Exchange clarifying its position. Genting said that up to August 27 Genting Berhad, the group's investment holding company, had purchased through its subsidiaries a total of 25,366,000 Lonrho shares - representing 3.88 per cent of the total Lonrho stock.

In addition it reported: "we have been informed by Genting International Ltd. (GIL) that one of its subsidiaries has, up to August 27, 1992 purchased 12,758,000 shares in Lonrho" - representing 1.95 per cent of the total Lonrho stock. "Therefore the combined Genting Berhad Group's and GIL Group's equity investment in Lonrho would amount to 5.835 per cent" says the letter.

The move into Lonhro attracted great interest in Malaysia, with speculation the group might take its holding to 10 per cent.

Amicable Smaller Enterprises Tst

Amicable Smaller Enterprises Trust reported net asset value 96.5p per share at June 30. Earnings per share for period from launch on December 19 to end-June emerged at 1.78p. An interim dividend of 1.7p is declared.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Baldwin ....int	nil	-	1.4	-	2.8
Boustead ....int	0.35	Jan 5	0.35	-	0.7
Eng & Scott Inv ....int	0.5	Oct 19	0.5*	-	1.75*
Fife Indmar ....int	0.5	Oct 5	1	-	4.9
IoM Steam Packet.....int	3	Sept 25	3	-	10
S'clair G'dsmith.........fin	nil	-	1	0.5	2
Stavert Zigomala.......fin	18.75	Oct 5	18.75	18.75	18.75

Dividends shown pence per share net except where otherwise stated *Adjusted for scrip. †On increased capital. §USM stock.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	-	99	91	Birkby	91	-1	L5.25	-	7.7	-
100	F.P.	-	101	100	Broadgate Inv Trust	101		-	-	-	-
-	F.P.	-	9	7	Dartmoor Warrants	8		-	-	-	-
-	F.P.	-	32	19	Dwyer A	19		-	-	-	-
-	F.P.	-	91	81	European Smaller Co's	82		-	-	-	-
-	F.P.	-	23	21	Do Warrants	22		-	-	-	-
-	F.P.	-	150	145	Finsbury Smlr Co's Zero Pf	147		-	-	-	-
100	F.P.	-	103	100	Kl'wort Endowment Policy	100		-	-	-	-
136	F.P.	-	153	143	Quality Care Homes	151		R4.0	2.3	3.5	13.4
§	F.P.	-	495	495	SHIRESCOT	495		-	-	-	-
‡	F.P.	-	1700	1700	TR Technology Units	1700		30.15	-	2.4	-
325	F.P.	-	298	274	Telegraph	281		N10.0	2.2	4.7	11.1
-	F.P.	-	14	13	Throg 1000 Smlr Co's Wts	13		-	-	-	-
-	F.P.	-	16	12½	Yorkshire TV Warrants	14½	-1½	-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	110p	106¼p	Fulcrum Inv Tst Zero Div Pf	107p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
20	Nil	28/8	4pm	¼pm	Channel 5p	¼pm	
10	Nil	7/10	7pm	7pm	§Malaya	7pm	
30	Nil	14/9	1½pm	¼pm	Novo	¼pm	
31½	Nil	8/9	3pm	1pm	Worthington	1¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital cover based on dividend on full capital. g Assumed dividend and yield. e Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. ‡ Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". ‡ Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ‡ Units comprising 4 Ords and 7 Zero Div Prefs and 4 Stepped Pref shares. ♦ Units comprising 5 Ords and 1 Warrant. ♦ U

TRADITIONAL OPTIONS

- First Dealings Aug. 17
- Last Dealings Aug. 28
- Last Declarations Nov. 12
- For settlement Nov. 23

3-month call rate indications are shown on page 9.

Calls in Euro Disney, Eurotunnel, First Natl. Finance Corp., Gestetner, Mining & Allied Supplies, Tarmac and Woodside Petrlm. Doubles (Puts and calls) in Medeva and Speyhawk.

NEWS DIGEST

SHT cuts interim losses

SCOTTISH Heritable Trust, the carpet wholesaling, housebuilding, quarrying and property group, reduced its pre-tax losses from £3.15m to £2.86m in the first half of 1992.

Turnover fell to £22.8m (£38.4m) reflecting the disposal of Standard Fireworks and Hoskins, and accounting for Scottish Heritable Inc as an associate, against a subsidiary last time.

Interest charges were halved to £1.9m. While the group had not been able to comply with the debt reduction targets set out in the standstill agreement with bankers, it had been successful in obtaining their continued support.

The three carpet wholesaling companies in the UK, France and the US operated at a loss. In housebuilding, the disposal of Hearthstead Homes in 1991 and strong trading conditions in Tennessee led to a turnround to a profit of £149,000 (loss £208,000).

Quarrying saw Texas and Arkansas profitable but Virginia turning into a loss. The latter had since been sold for $19.7m(£9.8m).

Losses per share came to 8p (10.6p).

Refurbishment adds to Arnotts decline

Arnotts, the Dublin-based stores group, saw its pre-tax profit decline by 16 per cent to I£1.01m, or £952,000, in the half year ended July 31.

The result, down from I£1.21m, followed more difficult trading conditions exacerbated by renovations at the Henry Street store in Dublin. The work disrupted business and contributed to a reduction in margins. It should be completed by the end of October.

Turnover for the period was marginally ahead at I£19.7m (I£19.2m). Earnings per share fell to 3.5p (4.1p) but the interim dividend is again 2.25p.

Fife Indmar tumbles £0.24m into the red

The continuing recession, exceptional cost cutting expenses and higher interest charges left Fife Indmar, the engineering holding company, with pre-tax losses of £236,000 for the half year to June 30. Profits last time were £845,000.

Turnover edged ahead to £16.9m (£16.7m) but trading profits dropped to £442,000 (£1.19m). Exceptional costs were £174,000 (nil) and interest charges took £504,000 (£345,000).

Looking ahead, Mr Gavin Hepburn, the chairman, was confident that with the distribution businesses continuing to do well, the action taken in other divisions would have a beneficial effect on second half results.

Losses per share amounted to 1.53p (5.38p earnings) and the interim dividend is halved to 0.5p.

Primadona asset value increases

Over the 12 months to June 30 1992 net asset value of Primadona, an investment trust, had risen from 173p to 181p.

The trust is maintaining its dividend at 4.5p, the final being 2.5p, although earnings per share fell from 8p to 5.1p.

Net revenue declined from £358,000 to £20,000, after tax of £72,000 (£149,000).

Baldwin deficit reduced to £2.02m

Baldwin, the leisure, printing and property group, announced a reduced pre-tax loss of £2.02m for the six months to April 30. Last time there were losses of £2.23m.

Turnover was little changed at £4.2m (£4.24m). The tour operating division, which accounts for two-thirds of group trading activities, only recognises revenue on the departure of clients on holiday. Hence there was little turnover from that source.

The company has issued legal proceedings to protect the value of its holdings in London Clubs International and because of the uncertain value of that investment the directors feel unable to declare an interim dividend. Last time there was a 1.4p payment. They hope to pay a final of not less than the total 2.8p paid in 1991. Losses per share fell to 7.98p (8.98p).

Improved position at Lincoln House

Despite the worsened economic recession in the UK, Lincoln House, the furniture maker, has continued to improve its position.

In the first half of 1992, it cut pre-tax loss to £24,000, against £247,000 and £858,000 in the two corresponding periods.

Furniture making – other businesses have been discontinued – made an operating profit of £99,000 (loss £31,000) on turnover of £4.06m (£4.61m). That was the result of substantial improvements in the product range and customer base combined with tight managerial controls.

Mr David Harland, chairman, said that the large interest burden had been partially addressed by the sale of Impala Displays and Mayers & Shaw, but "there is still some way to go in reducing this cost".

Losses per share were cut to 0.15p (1.53p).

15% profit rise for Inishtech

Inishtech, the diversified Irish-based group, recorded a 15 per cent growth in pre-tax profit for the opening half of 1992.

It rose from I£3.09m to I£3.56m, or £3.36m, as turnover climbed 29 per cent to I£24.2m. Earnings per share were 18.3p (16p).

Group activities cover the manufacture of disposable hygiene products, protective packaging, industrial design and printing, and self adhesive labels.

Since acquisition Douthwaites Florists Sundries had performed up to expectations. In 1991 its pre-tax profit margin was 11 per cent and that will have the effect of somewhat reducing the group's overall margin.

Sinclair Goldsmith shows better trend

Sinclair Goldsmith, the surveyors, estate agents and rating consultants, finished the year ended May 31 1992 with a pre-tax loss of £525,000, compared to £997,090 previously.

Mr Edward Langton, chairman, said the cutting of overheads led to a modest profit, before exceptionals, in the second half.

Turnover fell 11 per cent to £2.77m and overheads were reduced 22 per cent to £3.27m. Exceptional charges of £104,000 (£115,000) related to costs of closing the Croydon office.

Losses per share were 3.68p (8p) and the final dividend is omitted, leaving the year's total at 0.5p (2p).

New Frontiers sells Swire venture share

New Frontiers Development Trust of Edinburgh has sold its 40 per cent stake in Swire Aviation to Swire Pacific, its partner in the joint venture, for HK$130.6m.

Swire Aviation's principle activity is Hong Kong Air Cargo Terminal Ltd. The sale lifted New Frontiers' net asset value by 2.5p to 55.8p

32% downturn at Stavert Zigomala

Stavert Zigomala, furniture and carpet wholesaler and retailer, reported a pre-tax profit of £44,000 for the year ended March 31 1992.

That was a 32 per cent drop on the previous £65,000, and was generated on turnover of £804,000 (£848,000).

The dividend is held at 18.75p per share, although earnings had fallen from 15.87p to 9.23p.

Correction

Ellesmere Port

In the report of The Mersey Docks and Harbour Company results in the FT of Wednesday August 26, we stated incorrectly that Ellesmere Port had closed. It is only the container operation there of Cawoods (Northern Ireland) which has closed.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 28.8.92: Pool purchase price £/MWh	Final Prices for Trading on 21.8.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	20.07	19.86	21.82
0100	20.01	19.62	21.26
0130	17.76	19.62	21.29
0200	17.76	19.82	21.30
0230	17.76	19.82	21.30
0300	17.70	19.82	21.30
0330	17.76	19.62	21.30
0400	17.76	19.62	21.30
0430	17.76	19.62	21.30
0500	17.76	19.82	21.31
0530	17.76	17.64	17.64
0600	17.76	17.64	17.64
0630	17.76	19.53	21.43
0700	17.70	19.53	21.59
0730	21.10	19.78	21.84
0800	22.98	20.40	22.19
0830	24.15	21.88	23.69
0900	24.27	23.80	25.66
0930	27.88	27.99	30.01
1000	27.59	27.99	30.00
1030	27.66	27.99	29.93
1100	27.88	27.99	29.88
1130	27.56	28.07	27.90
1200	27.58	28.07	27.90
1230	24.27	24.93	28.74
1300	24.27	24.93	28.75
1330	24.27	23.80	25.59
1400	22.98	21.88	23.60
1430	22.31	20.40	22.08
1500	22.31	20.40	22.08
1530	17.80	20.40	22.08
1600	17.80	20.85	22.58
1630	21.10	20.85	22.55
1700	22.98	20.85	22.55
1730	28.03	27.72	29.65
1800	28.03	27.72	29.65
1830	28.03	27.72	29.65
1900	22.98	20.85	22.56
1930	22.98	20.85	22.55
2000	22.31	20.85	22.58
2030	28.01	20.85	22.59
2100	28.01	17.70	17.70
2130	28.01	20.85	22.65
2200	28.01	27.25	29.17
2230	22.06	27.25	29.17
2300	22.31	24.25	26.08
2330	17.78	20.85	22.56
2400	17.76	20.85	22.57

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8:30am and 5:15pm Monday to Friday.

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M T W T F S S

ECONOMIC DIARY

TOMORROW: Foreign ministers of the Non-Aligned Movement due to meet in Jakarta ahead of meeting of heads of state. Mrs Margaret Thatcher, former British prime minister, will make her first visit to Taiwan. Second round of elections in Lebanon.

TUESDAY: Bank of England publishes figures for London sterling certificates of deposit (July); monetary statistics (including bank and building society balance sheets) (July); bill turnover statistics (July); sterling commercial paper (July) and money market statistics (July). US leading indicators (July); NAPM (August). Summit meeting of the heads of state of the Non-Aligned Movement is scheduled to take place in Jakarta (until September 6). Mr Kevin Maxwell and Mr Ian Maxwell, accused of fraud offences, at City of London magistrates court.

WEDNESDAY: Central statistical office announces figures for overseas travel and tourism (June). UK official reserves figures for August from the Treasury. Department of Trade and Industry issues advance energy statistics for July. US factory orders (July). Ulster talks expected to resume in Belfast. Start of two-day Financial Times conference "World Aerospace and Air Transport" at the Hotel Inter-Continental in London. Launch of Classic FM, the UK's first national commercial radio station.

THURSDAY: Central Statistical Office gives figures for cyclical indicators for the UK economy (July — second estimate). The Department of Employment publishes details of employment, unemployment, earnings prices and other indicators. US revised second quarter productivity, costs. Bundesbank council meeting. Interim results from Ladbroke Group, Reckitt & Colman, Rolls-Royce, T&N, Cookson Group and Pearson.

FRIDAY: European Community finance ministers are expected to meet in Bath

FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1992. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday August 28 1992: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est P/E Ratio (Net)	xd adj. 1992 to date	Thu Aug 27 Index No.	Wed Aug 26 Index No.	Tue Aug 25 Index No.	Year ago (approx) Index No	1992 High	1992 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (175)	687.80	-0.4	8.59	6.51	14.91	21.54	690.73	687.24	693.24	866.19	929.04 20/5	687.24 26/8	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (23)	695.13	+0.1	7.82	7.97	17.35	27.19	694.33	686.69	706.09	1113.80	1121.52 11/5	686.69 26/8	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (27)	548.15	-0.2	6.39	10.89	34.07	25.52	549.28	547.70	556.15	1164.60	1069.64 11/5	547.70 26/8	1951.50 16/7/87	71.48 2/12/74
4	Electricals (9)	2042.18	-0.3	8.10	7.36	15.92	73.60	2049.33	2047.11	2056.70	2467.22	2758.50 22/5	2009.56 11/8	3040.80 8/9/89	84.71 25/6/62
5	Electronics (27)	1907.67	+0.7	8.46	4.52	14.74	46.26	1893.66	1876.61	1875.88	1775.79	2080.64 13/5	1655.93 13/1	2308.22 19/5/89	1229.01 [illegible]
6	Engineering-Aerospace (6)	295.14	-0.3	12.34	8.83	10.25	11.27	295.93	292.82	295.35	407.68	406.10 20/5	292.82 26/8	502.42 13/6/90	292.82 26/8/92
7	Engineering-General (43)	415.58	-0.7	9.91	5.79	12.82	12.65	418.46	418.31	421.11	483.73	567.62 20/5	415.58 28/8	567.62 20/5/92	339.57 2/1/91
8	Metals and Metal Forming (7)	263.57	-0.3	6.59	8.36	22.05	7.30	264.36	259.51	260.98	454.47	379.31 18/5	259.51 26/8	596.67 9/10/87	49.65 6/1/75
9	Motors (14)	279.54	-2.0	9.61	8.44	13.70	12.80	285.30	286.75	291.11	360.87	403.06 21/5	277.78 10/1	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (19)	1497.55	-1.0	8.29	5.53	14.52	38.28	1512.53	1509.52	1515.21	1673.34	1906.65 11/5	1495.50 2/1	1906.65 11/5/92	277.55 15/1/91
21	CONSUMER GROUP (191)	1463.21	+0.1	8.29	3.93	14.81	28.02	1462.14	1446.37	1446.17	1567.58	1761.38 11/5	1446.17 25/8	1761.38 11/5/92	61.41 13/12/74
22	Brewers and Distillers (25)	1825.24	-0.5	9.11	4.01	13.25	37.45	1834.53	1837.13	1838.08	1908.86	2278.85 11/5	1825.24 28/8	2278.85 11/5/92	69.47 13/12/74
25	Food Manufacturing (19)	1094.53	-0.7	9.86	4.83	12.54	26.54	1101.94	1092.13	1094.58	1235.10	1327.80 11/5	1092.13 26/8	1327.80 11/5/92	59.67 11/12/74
26	Food Retailing (18)	2612.43	+0.2	9.34	3.49	13.96	47.40	2607.77	2596.39	2595.10	2655.93	2998.16 18/5	2293.80 10/1	2998.16 18/5/92	54.25 11/12/74
27	Health and Household (24)	3766.89	+1.2	7.37	2.84	15.46	42.46	3723.87	3648.63	3655.38	3755.31	4654.94 14/1	3648.63 26/8	4654.94 14/1/92	175.38 28/5/80
29	Hotels and Leisure (18)	957.73	-1.1	8.39	7.15	15.49	38.02	968.63	956.60	969.67	1383.84	1450.36 13/5	956.60 26/8	1845.77 8/9/89	54.83 [illegible]
30	Media (27)	1399.93	+0.7	7.23	3.77	17.23	29.64	1390.43	1380.63	1376.55	1495.11	1721.09 11/5	1376.55 25/8	1721.09 11/5/92	1166.91 16/1/91
31	Packaging, Paper & Printing (17)	705.90	-0.1	7.34	4.68	16.47	16.15	706.35	698.60	701.53	771.08	875.53 13/5	698.60 26/8	875.53 13/5/92	43.46 6/1/75
34	Stores (34)	929.24	-0.4	7.66	4.03	17.38	17.01	933.18	916.64	907.08	1020.64	1135.66 27/4	907.08 25/8	1160.58 29/7/87	52.63 6/1/75
35	Textiles (9)	556.41	-0.4	8.72	5.57	14.29	15.02	558.77	554.93	551.94	605.70	756.70 8/5	551.94 25/8	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (117)	1179.81	-0.1	10.52	5.75	11.87	37.04	1181.23	1174.58	1172.86	1286.66	1359.32 11/5	1140.56 3/4	1359.32 11/5/92	58.63 6/1/75
41	Business Services (17)	1189.83	-1.0	7.17	4.36	17.03	21.45	1201.99	1193.49	1192.87	1406.58	1511.16 11/5	1186.41 12/8	1511.16 11/5/92	892.28 1/2/91
42	Chemicals (22)	1254.81	-0.2	7.83	5.79	15.86	45.85	1257.71	1249.73	1254.66	1501.40	1629.99 8/5	1249.73 26/8	1629.99 8/5/92	71.20 1/12/74
43	Conglomerates (10)	1111.63	.....	10.29	9.89	12.46	37.23	1111.44	1096.97	1095.77	1521.74	1509.94 11/5	1095.77 25/8	1819.46 11/8/89	975.19 10/11/87
44	Transport (14)	2138.51	-0.7	9.36	5.52	13.14	55.92	2152.74	2133.26	2139.36	2318.89	2790.11 20/5	2133.26 26/8	2790.11 20/5/92	90.80 29/6/62
45	Electricity (16)	1348.25	+0.4	15.04	5.44	8.47	44.58	1343.36	1358.88	1348.88	1226.54	1371.71 7/7	1044.63 7/4	1371.71 7/7/92	994.96 7/1/91
46	Telephone Networks (4)	1372.29	.....	11.02	4.81	11.83	46.15	1372.20	1358.93	1352.29	1551.04	1505.86 22/5	1274.20 3/4	1658.67 2/10/91	517.92 30/11/84
47	Water (11)	2910.77	+0.1	15.39	5.95	7.19	86.85	2906.93	2963.70	2950.79	2371.99	2963.70 26/8	2140.95 8/4	2963.70 26/8/92	1620.20 1/5/90
48	Miscellaneous (23)	1899.58	-0.3	7.00	5.32	17.94	54.03	1904.47	1863.71	1871.19	1938.28	2167.85 11/5	1770.94 3/1	2167.85 11/5/92	60.39 6/1/75
49	INDUSTRIAL GROUP (485)	1178.42	-0.1	9.08	4.97	13.71	29.75	1179.31	1169.75	1170.86	1307.27	1427.97 11/5	1169.75 26/8	1427.97 11/5/92	59.01 13/12/74
51	Oil & Gas (17)	1817.95	.....	7.51	7.01	17.42	69.56	1817.41	1785.40	1774.09	2481.82	2226.66 2/1	1756.72 7/8	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1239.31	-0.1	8.92	5.18	14.01	32.95	1240.12	1228.86	1229.13	1407.79	1493.99 11/5	1228.86 26/8	1493.99 11/5/92	63.49 13/12/74
61	FINANCIAL GROUP (84)	644.62	+0.1	-	6.80	-	26.05	643.66	637.82	631.13	835.42	802.65 20/5	631.13 25/8	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	878.26	+0.5	7.30	6.27	19.75	36.70	874.11	864.91	848.82	977.56	1026.34 20/5	790.95 3/4	1026.34 20/5/92	62.44 12/12/74
65	Insurance (Life) (6)	1322.34	-1.3	-	6.75	-	45.47	1339.35	1331.06	1335.57	1607.75	1613.38 21/5	1243.61 6/4	1632.53 4/9/91	44.88 2/1/75
66	Insurance (Composite) (7)	430.75	-0.6	-	6.98	-	15.81	433.29	428.97	428.51	666.54	564.54 13/5	418.66 27/7	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	571.28	+2.0	12.43	9.59	10.55	39.26	560.33	539.53	527.43	1164.42	1031.35 27/1	527.43 25/8	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	395.41	-0.6	-	5.47	-	12.37	397.62	398.71	400.24	443.67	521.89 22/5	395.41 28/8	547.59 12/10/87	31.21 7/1/75
69	Property (30)	504.27	+1.0	11.97	8.82	11.12	21.34	499.20	497.74	495.64	933.28	799.69 20/1	495.64 25/8	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (15)	216.19	-0.2	8.56	8.01	15.80	6.63	216.59	216.32	217.39	262.69	271.79 26/5	216.19 28/8	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (70)	1037.26	.....	-	4.33	-	24.24	1037.71	1028.04	1024.12	1242.95	1273.08 11/5	1024.12 25/8	1323.81 4/1/90	71.12 13/12/74
99	ALL-SHARE INDEX (654)	1096.99	.....	-	5.35	-	30.86	1097.40	1087.44	1086.13	1268.62	1326.36 11/5	1086.13 25/8	1326.36 11/5/92	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Aug 27	Aug 26	Aug 25	Aug 24	Aug 21	Year ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2312.6	+1.0	2314.6	2298.4	2311.6	2285.0	2281.0	2311.1	2365.7	2645.7	2737.8 11/5	2281.0 25/8	2737.8 11/5/92	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Aug 28	Day's change %	Thu Aug 27	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (22)	120.34	+0.04	120.29	2.23	8.49
2	5-15 years (25)	133.87	-0.19	134.13	1.78	9.45
3	Over 15 years (8)	145.50	-0.24	145.86	2.16	8.14
4	Irredeemables (6)	163.85	-0.56	164.77	2.55	8.48
5	All stocks (61)	132.20	-0.13	132.38	1.99	9.13
	Index-Linked					
6	Up to 5 years (2)	169.25	-0.01	169.27	0.14	3.25
7	Over 5 years (10)	144.88	-0.14	145.08	0.71	3.33
8	All stocks (12)	147.08	-0.12	147.25	0.63	3.29
9	Debs & Loans (62)	116.69	-0.60	117.39	1.94	8.26

	AVERAGE GROSS REDEMPTION YIELDS		Fri Aug 28	Thu Aug 27	Year ago (approx.)	1992 High	1992 Low
	British Government						
1	Low	5 years	9.14	9.09	8.91	9.43 2/4	7.91 1/6
2	Coupons	15 years	9.14	9.10	9.64	9.72 1/4	8.65 9/7
3	(0%-7¾%)	20 years	9.14	9.10	9.64	9.72 1/4	8.65 9/7
4	Medium	5 years	9.89	9.84	9.97	10.28 1/4	9.01 3/7
5	Coupons	15 years	9.42	9.37	9.82	9.82 1/4	8.84 1/6
6	(8%-10¾%)	20 years	9.30	9.26	9.78	9.76 1/4	8.81 2/6
7	High	5 years	10.13	10.08	10.15	10.50 1/4	9.22 3/7
8	Coupons	15 years	9.66	9.61	9.93	9.96 1/4	9.00 22/5
9	(11%-)	20 years	9.50	9.46	9.84	9.86 1/4	8.95 22/5
10	Irredeemables†		9.35	9.29	9.83	9.92 2/4	8.95 14/7
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	4.64	4.61	3.93	4.64 28/8	3.52 4/3
12	Inflation rate 5%	Over 5 yrs.	4.72	4.70	4.31	4.72 28/8	4.27 17/2
13	Inflation rate 10%	Up to 5 yrs.	3.88	3.83	2.96	3.88 28/8	2.86 4/3
14	Inflation rate 10%	Over 5 yrs.	4.53	4.51	4.12	4.53 28/8	4.07 17/2
15	Debs &	5 years	11.10	11.03	11.56	11.51 6/4	10.30 8/6
16	Loans	15 years	10.77	10.68	11.37	11.22 6/4	10.07 1/6
17		25 years	10.59	10.51	11.19	11.02 6/4	9.98 1/6

‡Opening Index 2313.6; 9 am 2308.4; 10 am 2304.6; 11 am 2301.4; Noon 2303.5; 1 pm 2309.0; 2 pm 2309.2; 2.30 pm 2312.9; 3 pm 2310.4; 4.10 pm 2311.7; (a) 4.28pm (b) 11.10am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, Londonoducts relating to these indices. Tel 071-873 4613

LIFFE EQUITY OPTIONS

[illegible]

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
EAA (631)	600	59	72	85	13	21	25
	650	28	42	57	33	42	47
	700	12	24	36	70	74	77
BAT Inds (738)	700	65	84	92	14	21	31
	750	35	55	62	36	42	53
	800	15	32	41	72	77	84
BTR (405)	390	26	37	45	15	18	24
	420	11	23	31	31	35	39
	460	4	11	17	65	69	69
Brit Telecom (346)	330	28	35	41	7½	13	14
	360	12½	18	26	21	26	28
Cadbury Sch (435)	420	36	49	53	12	16	22
	460	14	27	32	34	37	42
Eastern Elec (276)	260	28	34	38	6	11	13
	280	15	22	27	13	20	22
Guinness (519)	500	42	58	66	15	21	26
	550	16	32	39	41	47	50
GEC (235)	220	21	25½	30	4½	7½	9
	240	9	14½	19	13	15½	18½
Hanson (159)	180	16½	19½	25	4	7½	9½
	200	6	9½	14	14	17½	19
LASMO (132)	130	15	21	14	8½	10	12
	140	11	17	19	17	21	24
Lucas Inds (82)	80	9	12	14	8½	10	12
	90	5	7½	10	15	16	18
P & O (318)	300	29	40	43	23	28	41
	330	15	26	30	41	46	60
Pilkington (88)	80	15	18	22	6½	11	11
	90	9½	14	17	11	15	17
Prudential (224)	220	13	20	23	9	12	15
	240	5½	12	14	22	24	27
RTZ (499)	460	57	70	75	8½	14	20
	500	28	44	50	24	28	37
Scot. & New (382)	360	42	50	58	7	10	12
	390	24	31	40	17	23	25
Tesco (219)	200	26	33	36	4½	6½	9½
	220	12	19	23	11	13	17
Thames Water (436)	420	32	39	48	10	15	17
	460	11	18	28	32	36	37
Vodafone (301)	300	23	32	38	15	21	25
	330	9½	18	24	33	37	40

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Abbey Nat. (259)	220	41	49	54	1	2½	4
	240	22	32	38	1½	5	8½
	260	6½	19	26	6½	12	17
Amstrad (21)	15	8	9	8	1½	2	2½
	20	3	4	5½	2	4	4½
	25	1½	3	4	6	7	7½
Barclays (288)	260	32	45	50	1½	6	13
	280	16	30	38	5	13	21
	300	4½	19	26	16	22	32
Blue Circle (157)	140	20	24	29	2	6½	7½
	160	4½	12	17	10	15	17
	180	2	6½	11	28	29	31
British Gas (241)	240	7½	14	20	5	15	17
	260	2½	6½	11½	21	28	29
Dixons (184)	180	11	23	28	5½	12	16
	200	3	13	18	19	21	25
Eurotunnel (375)	360	30	51	66	13	25	33
	390	11	37	50	28	42	50
Glaxo (721)	700	36	64	83	12	38	49
	750	11	42	59	38	66	74
Hillsdown (98)	90	16	24	27	5½	14	17
	100	8	18	24	10	19	23
Lonrho (70)	70	5	9½	12	3½	7½	10
	80	2	5	7½	11½	13	15
HSBC 75p (hk) (339)	330	13	32	40	8	18	26
	360	3½	18	127	29	35	41
National Power (241)	235	11	-	-	3½	-	-
	260	2½	9	14	21	23	25
Reuters (1045)	1000	58	109	135	11	35	50
	1050	25	77	105	31	60	70
R Royce (135)	130	7	13	16	5	8	10½
	140	2½	8	11½	10	13	16
Scottish Power (187)	180	8	10	13½	4½	7	9½
	190	2	5½	-	12½	13½	-
Sears (66)	60	7½	10½	13	2	5	5½
	70	2	5½	7½	6	10	11
Forte (124)	120	10	17	22	5	13	16
	130	5	13	17	11	18	21
Thorn EMI (665)	650	26	57	65	6	20	28
	669	15	-	-	17	-	-
TSB (127)	120	9	15	18	2	5	8
	130	3	10	12	6½	10	13
Vaal Reefs (536)	30	8	9	9	1	2	2½
	35	4	5½	6	1½	3	5
Wellcome (816)	800	32	67	92	13	40	50
	850	9	42	64	42	66	80

EURO FT-SE INDEX (*2311)

	2075	2125	2175	2225	2275	2325	2375	2425
CALLS								
Sep	245	196	149	106	68	39	19	7
Oct	267	221	179	139	107	78	55	36
Nov	-	243	-	166	-	100	-	58
Dec	-	263	-	187	-	122	-	73
Mar	-	295	-	220	-	158	-	105
Jun	-	-	-	260	-	195	-	240
PUTS								
Sep	6	8	9	16	30	50	80	118
Oct	16	20	29	40	52	75	100	133
Nov	-	29	-	49	-	85	-	137
Dec	-	35	-	55	-	85	-	135
Mar	-	45	-	65	-	98	-	143
Jun	-	-	-	80	-	110	-	145

FT-SE INDEX (*2311)

	2050	2100	2150	2200	2250	2300	2350	2400
CALLS								
Sep	269	220	175	128	87	52	26	12
Oct	292	243	199	158	120	90	63	43
Nov	302	260	220	180	145	114	89	67
Dec	322	278	238	201	167	135	106	85
Jun †	-	-	-	272	-	210	-	156
PUTS								
Sep	3	6	9	14	23	40	67	108
Oct	14	17	25	35	48	65	92	123
Nov	20	27	34	45	59	77	102	132
Dec	25	30	40	50	66	83	103	132
Jun †	-	-	-	73	-	108	-	155

August 28 Total Contracts 21,203
Calls 9,594 Puts 11,609
FT-SE Index Calls 5,071 Puts 4,336
Euro FT-SE Calls 142 Puts 808
*Underlying security price. † Long dated expiry months.
Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

	p								
INDUSTRIALS		Charter Cons	37	Ladbroke	18	Sears	8½	**OILS**	
Allied-Lyons	49	Comm Union	34	Legal & Gen	29	SmKl Bchm A	60	Aviva Pet	25
Amstrad	6	Courtaulds	43	Lex Service	22	TI	55	BP	18
Astec (BSR)	3	Eurotunnel	32	Lloyds Bank	32	TSB	11½	Burmah Castrol	48
BAT Inds	58	FKI	6	Lonrho	12	Tesco	22	Conroy Pet	6½
BOC	53	FNFC	7	Lucas Inds	12½	Thorn EMI	63	Gaelic Res	½
BTR	35	Forte	19	Marks Spencer	27	T & N	11½	Premier Cons	2¾
Barclays	29	GKN	33	Midland Bank	30	Unilever	70	Shell	35
Blue Circle	24	Gen Accident	38	NatWest Bank	26	Vickers	15	Tuskar Res	½
Boots	34	GEC	17	P & O Dfd	37	Wellcome	75	**MINES**	
Bowater	60	Glaxo	52	Racal Elect	5½	**PROPERTY**		RTZ	47
Brit Aerospace	26	Grand Met	38	RHM	18	Brit Land	18		
British Steel	7	GRE	13	Rank Org	55	Land Sec	30		
BT	25	Hanson	18	Ratners	3	MEPC	26		
Cadburys	38	ICI	95	Reed Intl	44				

Nissan predicts first loss since 1946

By Gordon Cramb in Tokyo

NISSAN MOTOR, Japan's second largest car maker, this year expects to incur its first loss since 1946. In an unprecedented move it is omitting its interim dividend.

Nissan yesterday issued revised projections showing a Y15bn ($119m) pre-tax loss for the parent company in the year to next March. Previously Nissan had forecast Y40bn in profits, which would have been less than half the Y87.8bn last year.

Nissan's interim dividend, previously Y7 per share, is being passed, leaving the total payout for the year halved from Y14. It will have to draw nearly Y18bn from reserves to make that distribution.

The losses at Nissan are all being taken in the six months to September, with break-even expected for the second half. Nissan made net profits last year of Y54.2bn. The company said the losses included Y5bn in securities write-downs, implying an operating deficit of about Y10bn.

After investments in production facilities, it is labouring under a heavy depreciation burden which should reach Y150bn this year.

Nissan is cutting capital investment from Y240bn to below Y200bn.

The car group's announcement was one of the starkest indications of the difficulties being suffered by Japanese manufacturers in the economic slowdown. It said a quick recovery in automotive demand was unlikely, and sales for the year would be down 4 per cent at Y4,100bn.

As the government yesterday unveiled its emergency package of stimulatory measures, companies in other sectors revised their earnings expectations downward.

● NEC, the electronics group, said its 1992 pre-tax profits would fall some 40 per cent on a consolidated basis to Y35bn. An earlier projection had suggested growth this year and profits of Y62bn.

● Its rival Toshiba said it expected parent pre-tax profits of Y60bn for its March year. Three months ago, the company had projected a modest improvement to Y75bn from the Y70.7bn it earned in 1991-1992.

Both expected a rise of just under 2 per cent in overall revenues: to Y3,840bn at the NEC group and Y3,250bn at the Toshiba parent company. They blamed poor demand for semiconductors and computers. Toshiba added that it was being hit by price competition in the personal computer markets in the US and Europe.

● Komatsu, the construction machinery group, cut as much as Y40bn from its forecast for annual sales, saying they were likely to reach only Y560bn, down 5.3 per cent on the year. It expected profits of Y27bn before tax, down from the Y32bn it had projected in May and from the Y30.1bn it made last year.

● Mitsukoshi, a leading department store chain, forecast it would earn just Y1.8bn in the year to February, against Y10.9bn last year and earlier expectations of Y10bn this time. It aimed to meet its original sales forecast of Y927bn, up 5.7 per cent, in the face of weak consumer demand, but has been hit by costly refinancing following convertible bond redemptions.

UBS bucks trend with optimistic outlook

By Ian Rodger in Zurich

UNION Bank of Switzerland, the country's largest commercial bank, said its consolidated net profit in the first half reached SFr682m ($550m) and the prospects for the second half were "fundamentally positive".

This was the first time UBS has published a consolidated interim statement, and no comparative figure was given.

However, the group said earlier this month its profits had "developed positively" in the first half. In 1991, the group recorded a net profit of SFr1.22bn.

UBS's optimism contrasts with warnings from the two other large Swiss banks, Swiss Bank Corporation and Crédit Suisse, of a deteriorating economic climate and a likely need for higher than expected loan loss provisions.

The bank said trading and service activities were likely to pick up, although the outlook for loan business appeared less favourable.

The group said gross revenue in the first half grew 7 per cent to SFr4.1bn. Cash flow reached SFr1.5bn, but provisions and write-offs amounted to SFr809m. No comparative figure was given, but in the full year 1991, these amounted to SFr1.7bn.

Total consolidated assets as at June 30 were up 3.8 per cent to SFr258.8bn. Loans to customers rose 2.9 per cent to SFr142.5bn and customer deposits advanced 4 per cent to SFr159.8bn.

Balances due to banks dropped 3.6 per cent to SFr51.8bn while those due from banks rose less than 1 per cent to SFr62.2bn. The group's securities portfolio grew 11 per cent to SFr30.5bn.

Capital and reserves stood at SFr18.1bn, which provides a tier one ratio under the Basle international guidelines of 7 per cent.

Hafnia moves to bolster solvency of insurance arm

By Richard Lapper in London and Robert Taylor in Stockholm

HAFNIA, the Danish insurance and banking group, which sought protection from its creditors earlier this month, yesterday moved to strengthen the solvency of its insurance operations.

The newly-created holding company, Hafnia Holding 1992, is to transfer DKr1bn ($177m) of assets to its operating subsidiaries.

The move follows a fall in the value of the group's equity investments in the past 10 days and a particularly sharp drop in the value of sizeable investments in two other large Scandinavian insurers, Sweden's Skandia and Denmark's Baltica.

Uncertainty in the region's insurance industry was underlined yesterday by news of an operating loss at Skandia. Skandia's reported a SKr344m ($64.6m) operating loss for the first half of 1992, compared with a SKr7m profit for the same period last year. Its share price dropped back by SKr3 to SKr72.

Hafnia suspended payments to creditors last week and transferred DKr5.9bn of assets to a new company Hafnia Holding 1992. Yesterday, however, the company said group assets had been depleted by DKr900m.

The group said yesterday its subsidiaries now exceeded minimum capital requirements by a broad margin.

The original holding company owes DKr6bn to more than 100 creditors.

Three Danish banks – Den Danske Bank (with DKr1.2bn), Sparekassen Bikuben (DKr600m) and Unidanmark (DKr450m) – are the group's largest creditors.

Barclays Bank was yesterday reported to be on a list of creditors, which also includes SE Banken of Sweden, Commerzbank of Germany and ABN Amro of the Netherlands.

Copenhagen County authorities are also owed DKr280m by Hafnia.

Hafnia owns 14.8 per cent of Skandia's share capital and about 34 per cent of Baltica, Denmark's biggest insurer. Uni Storebrand, Norway's largest insurer, which owns 28 per cent of Skandia, has also been severely hit by the fall in the region's equity markets and was placed into public administration earlier this week.

The two companies combined to launch an unsuccessful takeover bid late last year.

Skandia blamed its half-year loss on a decline in the value of its real estate holdings. The company, however, made an operating profit of SKr195m in its insurance activities, a marked improvement on the SKr175m deficit it sustained in the first half of last year.

Skandia's premium income went up by 15 per cent to SKr17.33bn from SKr15.09bn. Its net asset value per share totalled SKr174, a fall of SKr15 from the same period last year, while the solvency margin was 69 per cent, a decrease of 9 per cent since December 31 last year.

Ford-Werke sees decline continuing

By Christopher Parkes

FORD-WERKE, the US vehicle maker's German subsidiary, yesterday forecast a continuing decline in the German car market.

It expected no fundamental improvement in the export trade, which in the first half of this year accounted for 64 per cent of its DM12.9bn ($9.2bn) sales.

Ford-Werke reported pre-tax profits of DM525m in the first half, compared with DM517m, from sales up almost 8 per cent.

The company claimed its "product offensive" had paid off. Volume output rose 11,000 vehicles to 539,000. The Escort performed especially well, and accounted for about one-third of all sales. Scorpio production rose 26 per cent, the company said.

Deliveries in Germany fell by 64,000 units in the period and reduced market share to 9.6 per cent from 10.5 per cent while exports rose 75,000.

Audi profits hit by weak dollar

By Christopher Parkes in Bonn

PROFITS at Audi, the quality car division of Volkswagen, fell 13 per cent in the first half of this year, in spite of a 20 per cent increase in sales.

Margins were hit by the weakening US dollar and the concentration of demand on the cheaper new Audi 80 series rather than the costlier 100 range.

As a result, pre-tax profits fell to DM315m ($225m) from DM364m on sales of DM8.6bn, compared with DM7.1bn, the company said yesterday.

The overall car market was declining: Japanese demand fell for the first time in seven years, and the US business was improving only slowly.

However, rising sales in Europe, excluding Germany, more than compensated for falling domestic deliveries, the group added. The proportion of deliveries to foreign customers increased to 50.4 per cent from 47 per cent.

In spite of the difficulties Audi expected record production, delivery and sales figures, and a satisfactory result for the year as a whole.

The VW parent, which earlier this week reported a 17 per cent fall in half-way pre-tax earnings, increased unit sales 6 per cent.

First-half production rose almost 9 per cent, and extra shifts had to be employed in the Ingoldstadt factory to keep waiting times for new Audi 80s within reasonable limits.

The company's two German works produced 254,530 vehicles, compared with 234,000 with a workforce unchanged at 38,000.

Audi also produced 3.7 per cent more engines.

Planned investment for the full year will fall below last year's DM1.1bn, a figure inflated by new model introductions.

Capital spending in the first half was DM327m, compared with DM512m.

DG Bank ahead

DEUTSCHE Genossenschaftsbank, the central bank for Germany's co-operative, said it would only break even in 1992 due to high costs of foreign branch closures and staff cuts, and poor trading conditions in Germany, Reuter reports from Frankfurt.

DG's partial operating profits jumped to DM69m in the first half, against DM14m, which is half of total 1991 partial operating profits. Last year's plunge followed outlays of DM800m for bond deals.

German diesel group remains deep in red

By Christopher Parkes

KLOCKNER-Humboldt-Deutz, the German diesel engine, tractor and engineering group, remained deep in the red in the first half of this year. Net losses of DM29m ($20.7m) were the same as last time, the company said yesterday.

Sales fell 7 per cent to DM1.6bn, and the group started the second half with firm orders 2 per cent lower than at the same time last year.

International business developments had been "more restrained than expected", and no improvement was likely in the second half. The most optimistic projections suggested some upswing at the end of the current quarter.

The one bright spot in an interim report littered with minuses was an improvement in incoming orders. Up overall by 6 per cent, the figures were bolstered by a 20 per cent rise in demand for plant, but undermined by a 6 per cent fall in new orders for agricultural equipment.

The continuing losses were not unexpected. KHD has been hard hit by international recession and declining demand for farm machinery in the light of agricultural reforms in the European Community.

Following a 14 per cent fall in new tractor registrations in Europe last year, the group expected a further 12 per cent fall in 1992, reducing demand for tractors by 150,000 units.

Meanwhile, the company increased capital investment by 64 per cent in the first half, to DM90m. Most of this was spent on a new diesel engine factory which is widely seen as the key to KHD's long-term survival.

GM seeks buyer for bearing unit

GENERAL Motors of the US is seeking a buyer for its worldwide bearing business with facilities in Sandusky, Ohio, Bristol, Connecticut, and Cadiz, Spain. AP-DJ reports.

The three facilities are part of GM's Delco Chassis Division based in Dayton, Ohio.

The Sandusky, Cadiz and Bristol operations make bearings for brake and traction-control systems and for the automotive and aerospace industries. The operations employ 3,000 employees.

"This action is consistent with the priorities GM has set to focus its capital resources on improving its overall competitive position," said Mr George Johnston, general manager of Delco Chassis Division.

GM said the proposed sale of the Bristol facility, when included in this package offering, would round out the bearing business portfolio for a prospective buyer.

Hudson's Bay dips 29% to C$7.3m

HUDSON'S BAY, Canada's leading department store group, continues to feel the retailing recession. Second-quarter profit dipped 29 per cent to C$7.3m (US$6.13m), or 14 cents a share, from C$10.3m, or 20 cents, a year earlier, writes Robert Gibbens in Montreal.

Revenues fell 3 per cent to $1.14bn.

The company has been cutting prices aggressively to gain market share.

Dutch insurer improves 11.2%

By David Brown in Amsterdam

AEGON, the second biggest insurance group in the Netherlands, yesterday posted an 11.2 per cent rise in first-half net profit to Fl 463.4m ($281.1m) from Fl 416.9m.

Revenues for the period advanced 14.7 per cent to Fl 8.02bn from Fl 6.99bn of which Fl 4.8bn was generated by insurance premium income and the balance from investment and other sources.

The operating result was up by 12 per cent to Fl 377m. The group realised gains of Fl 85.7m on the sale of property and shares, against gains of Fl 80.5m during the comparable period in 1991.

Operating income in the core life insurance operation climbed by 19 per cent to Fl 364m through June while other insurance activities showed more modest gains. The non-insurance business suffered a decline to Fl 49m from Fl 60m. Quarter-on-quarter, the general insurance division fell into a loss of Fl 15m after posting a profit of Fl 12m during the first three months.

Geographically, turnover and earnings in the US showed "a strong increase", particularly at the Western Reserve Life subsidiary.

Aegon said revenues and results in Holland showed a strong rise.

However, profitability in the other European operations, excepting the UK, lagged significantly behind 1991, particularly in Belgium where Aegon faced high car insurance claims.

Aegon declared an unchanged Fl 1.10 interim dividend.

Adia deficit widens

By Ian Rodger in Zurich

ADIA, the troubled Swiss temporary employment group which yesterday sold off its inspectorate subsidiary to a UK-financed consortium, reported a SFr60.2m ($48.50m) net loss in the first half, compared with a SFr5.7m loss for the same period last year.

Control of Adia, formerly part of the collapsed Omni conglomerate led by Mr Werner K. Rey, was sold last year to the German retail group ASKO and Mr Klaus Jacobs.

The two, who together hold 56.1 per cent of the shares, have agreed to make a subordinated loan of SFr200m at 5 per cent to the group to improve its overall financial position.

The group is considering a capital increase next year when the loan would be partially or fully converted into equity. It is negotiating a SFr400m credit facility with its bank syndicate.

Revenues from the core personnel services activities rose 3.6 per cent in the first half to SFr1.6bn, but its net loss widened to SFr41.8m from a loss of SFr3.7m, especially due to high restructuring costs in France.

The non-core businesses suffered a loss of SFr18.4m in the first half, against a SFr2m loss. Thanks to disposals, net debts stood at SFr1.1bn, compared with SFr1.3bn last year.

Adia said it did not expect to return to profit in the second half.

Mövenpick passes annual dividend

By Ian Rodger

MOVENPICK, the Swiss restaurants and hotels group in which Mr August von Finck of Munich bought the controlling stake last December from the founding Prager family, reported a 1991 loss of SFr3.6m ($2.90m) and passed its annual dividend for the first time in its history.

In 1990, net profit was SFr22.5m, and a SFr110 per bearer share dividend was paid. The loss was due to exceptionally high restructuring costs and write-offs of SFr63.4m. The directors anticipate a return to profit this year in spite of a stagnating turnover.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	$340.00	+2.55	$353.85	$358.40	$335.20
Silver Per troy oz	187.58p	-5.32	229.30p	242.70p	187.58p
Aluminium 99.7% (cash)	$1299	+4	$1251	$1339.0	$1105.5
Copper Grade A (cash)	£1257	-61.5	£1329	£1340.5	£1125.0
Lead(cash)	£337.5	+5.5	£317.5	£383.5	£278.50
Nickel (cash)	$7235	-17.5	$8040	$8195.0	$7065.0
Zinc SHG (cash)	$1415	+51	$1032.5	$1457.5	$1106.5
Tin (cash)	$6802.5	+15	$5625	$7115.0	$5425.0
Cocoa Futures (Dec)	£628	-13	£689	£773	£523
Coffee Futures (Nov)	$760	+8	$540	$1013	$676
Sugar (LDP Raw)	$255.8	+0.8	$242.5	$272.6	$193
Barley Futures (Nov)	£112.75	-0.25	£113.40	£123.90	£106.90
Wheat Futures (Nov)	£115.75	-0.05	$113.15	£131.85	£109.85
Cotton Outlook A Index	57.45c	-0.85	71.95c	65.90c	52.25c
Wool (64s Super)	364p	-8	365p	480p	364p
Oil (Brent Blend)	$19.675x	-0.1	$19.875	$21.30	$17.00

Per tonne unless otherwise stated. p-pence/kg. c-cents lb. x-Oct

COCOA – London FOX £/tonne	Close	Previous	High/Low	
Sep	595	602	599	592
Dec	628	634	629	621
Mar	657	663	657	651
May	676	683	676	671
Jul	695	702	695	690
Sep	713	719	713	707
Dec	737	745	738	737
Mar	766	772	765	763
May	785	794	786	781
Jul	806	812	805	800

Turnover: 6243 (6514) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Aug 27 813.90 (829.21) 10 day average for Aug 28 814.73 (812.47)

COFFEE – London FOX $/tonne	Close	Previous	High/Low	
Sep	734	738	741	729
Nov	760	760	767	756
Jan	772	771	779	771
Mar	785	784	793	781
May	798	791	802	791
Jul	809	802	801	

Turnover:3792 (4602) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Aug 27: Comp. daily 46.08 (45.77) 15 day average 45.50 (45.57)

POTATOES – London FOX £/tonne	Close	Previous	High/Low	
Apr	59.5	60.5	59.5	59.0

Turnover 60 (5) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne	Close	Previous	High/Low
Dec	119.00	119.00	119.00
Feb	121.00	121.00	121.00

Turnover 20 (20) lots of 20 tonnes.

FREIGHT – London FOX $10/index point	Close	Previous	High/Low	
Sep	1099	1110	1105	1099
Oct	1175	1180	1176	1173
Jan	1220	1225	1220	
BFI	1073	1074	1073	

Turnover 33 (181)

GRAINS – London FOX £/tonne	Close	Previous	High/Low	
Wheat				
Sep	113.10	113.10	113.10	
Nov	115.75	115.65	115.75	115.65
Jan	119.20	119.15	119.25	119.20
Mar	122.35	122.25	122.45	122.35
May	125.40	125.10	125.40	
Barley				
Nov	112.75	113.00	112.75	
Jan	116.70	116.75	116.85	116.70

Turnover: Wheat 243 (204). Barley 35 (0)
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg	Close	Previous	High/Low	
Sep	107.5	-	107.5	107.5
Oct	106.2	-	106.2	106.2
Nov	106.0	106.5	106.2	106.0

Turnover:27 (9) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 18,202 lots	
Cash	1298.5-9.5	1299-300		1297-7.5		
3 months	1322-2.5	1323-4	1326/1320	1320.5-1.0	1322-3	176,619 lots
Copper, Grade A (£ per tonne)					Total daily turnover 21,629 lots	
Cash	1256.5-7.5	1263-4	1265/1260	1264-5		
3 months	1281-2	1287-8	1290/1277	1287.5-8.0	1277-7.5	149,690 lots
Lead (£ per tonne)					Total daily turnover 4,607 lots	
Cash	337-8	341-3		340.5-1.0		
3 months	341-2	344-6	345/341	343.5-4.0	342-3	28,913 lots
Nickel ($ per tonne)					Total daily turnover 5,860 lots	
Cash	7230-40	7250-5		7240-50		
3 months	7305-10	7320-5	7340/7300	7315-20	7310-15	28,693 lots
Tin ($ per tonne)					Total daily turnover 2,480 lots	
Cash	6800-05	6815-20		6795-800		
3 months	6825-30	6835-40	6860/6820	6815-20	6821-3	11,650 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 7,860 lots	
Cash	1414-6	1411-3	1412/1410	1412-3		
3 months	1376-7	1372-3	1377/1371	1373-4	1370-2	84,471 lots

LME Closing £/$ rate:
SPOT: 1.9820 3 months: 1.9492 6 months: 1.9194 9 months: 1.8885

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	339.85-340.15	
Opening	340.50-340.90	
Morning fix	340.50	171.467
Afternoon fix	340.00	171.440
Day's high	341.00-341.30	
Day's low	339.60-339.90	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.76	6 months	2.71
2 months	2.74	12 months	2.75
3 months	2.72		

Silver fix	p/troy oz	US cts equiv
Spot	187.58	371.50
3 months	192.70	375.05
6 months	197.70	378.25
12 months	208.10	385.65

GOLD COINS	$ price	£ equivalent
Krugerrand	339.00-341.00	171.00-173.00
Maple leaf	350.00-352.25	-
New Sovereign	81.00-83.00	41.00-43.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Dec	Sep	Dec
1250	65	95	3	10
1300	29	60	16	24
1350	8	34	45	47
Copper (Grade A)	**Calls**		**Puts**	
2500	36	63	42	78
2550	18	43	73	105
2600	7	28	113	140
Coffee	**Nov**	**Jan**	**Nov**	**Jan**
700	72	88	13	17
750	41	56	32	35
800	22	35	63	64
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
600	47	81	19	24
625	33	56	30	34
650	23	53	45	46
Brent Crude	**Oct**	**Nov**	**Oct**	**Nov**
2000	17	43	40	60
2050	8	31		
2100	4	20		

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Sep	339.9	339.2	339.6	339.6
Oct	340.8	340.1	341.0	340.3
Dec	342.4	341.7	343.0	341.9
Feb	344.1	343.5	344.4	344.0
Apr	345.8	345.2	345.8	345.8
Jun	347.6	347.0	348.0	347.6
Aug	349.4	348.8	0	0
Oct	351.3	350.7	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Oct	358.0	355.0	358.9	356.0
Jan	354.0	350.8	355.0	352.0
Apr	354.0	350.8	0	0
Jul	355.0	351.8	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Sep	367.4	370.5	371.5	366.5
Dec	371.3	374.3	376.0	370.5
Mar	375.1	378.1	379.0	374.5
May	377.8	380.8	381.0	377.0
Sep	383.1	386.2	387.0	383.0
Dec	387.4	390.6	392.5	388.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Sep	109.85	111.45	111.75	109.70
Oct	110.35	111.85	111.00	111.00
Nov	110.75	112.25	111.70	111.40
Dec	111.20	112.65	113.05	111.15
Jan	111.15	112.45	111.25	111.25
Feb	111.10	112.35	111.35	111.35
Mar	111.05	112.20	112.25	111.10
May	110.25	111.30	111.00	110.70

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Oct	21.26	21.13	21.32	21.14
Nov	21.16	21.02	21.22	21.05
Dec	21.11	20.97	21.16	20.98
Jan	21.01	20.89	21.07	20.93
Feb	20.91	20.80	20.96	20.83
Mar	20.83	20.72	20.88	20.75
Apr	20.79	20.63	20.80	20.73
May	20.70	20.54	20.70	20.64
Jun	20.61	20.45	20.62	20.55
Jul	20.53	20.37	20.54	20.47

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Sep	58.95	58.27	59.00	58.25
Oct	59.65	59.03	59.75	59.06
Nov	60.65	60.13	60.75	60.18
Dec	61.80	61.26	61.85	61.33
Jan	62.30	61.83	62.40	62.05
Feb	61.50	61.08	61.50	61.25
Mar	59.80	59.18	59.70	59.40
Apr	57.90	57.48	57.90	57.90
May	56.80	56.23	56.85	56.85
Jun	56.00	55.43	56.00	56.00

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Sep	1050	1066	1060	1050
Dec	1086	1091	1093	1072
Mar	1135	1138	1140	1128
May	1165	1169	1165	1156
Jul	1190	1194	0	0
Sep	1217	1221	0	0
Dec	1260	1264	0	0
Mar	1293	1297	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Sep	53.35	52.10	53.80	52.00
Dec	55.40	54.20	55.50	54.10
Mar	57.40	56.20	57.40	56.15
May	61.20	59.90	61.20	59.70
Jul	63.10	61.75	63.00	61.90
Sep	65.10	63.75	64.00	64.00
Dec	68.05	67.00	67.00	67.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	9.15	9.20	9.18	9.06
Mar	8.89	8.87	8.89	8.81
May	8.87	8.88	8.89	8.83
Jul	8.88	8.86	8.88	8.84
Oct	8.81	8.85	8.80	8.80

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Oct	57.29	58.78	58.65	57.27
Dec	55.13	55.83	56.20	55.07
Mar	56.15	56.65	57.40	56.00
May	56.75	57.15	57.40	56.59
Jul	57.30	57.75	58.50	57.30
Oct	58.83	58.75	59.25	59.25
Dec	59.25	59.00	59.50	59.00

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Sep	113.60	112.95	115.25	112.80
Nov	107.65	107.30	108.75	107.60
Jan	107.25	106.90	107.90	106.60
Mar	107.35	107.05	108.50	107.20
May	107.65	107.25	0	0
Jul	107.50	106.75	0	0
Sep	107.50	106.75	0	0
Nov	107.50	106.75	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Aug.28	Aug.27	mnth ago	yr ago
1518.6	1517.3	1555.4	1657.1

DOW JONES (Base: Dec. 31 1974 = 100)	Aug 27	Aug.26	mnth ago	yr ago
Spot	116.26	116.26	116.60	117.28
Futures	115.67	115.65	118.19	121.61

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Sep	554/2	553/4	555/0	552/2
Nov	543/2	544/4	545/0	540/2
Jan	549/6	551/2	551/4	547/0
Mar	556/2	558/0	559/0	554/0
May	563/6	564/6	564/0	560/2
Jul	569/4	571/0	570/0	566/4
Aug	571/0	570/4	571/0	568/0
Nov	569/4	572/0	570/4	568/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Sep	18.35	18.39	18.35	18.24
Oct	18.47	18.54	18.50	18.38
Dec	18.77	18.86	18.81	18.66
Jan	18.93	19.01	18.95	18.87
Mar	19.22	19.29	19.23	19.15
May	19.50	19.58	19.53	19.43
Jul	19.73	19.86	19.73	19.69
Aug	19.87	19.99	19.90	19.84

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Sep	175.9	176.4	176.7	175.5
Oct	190.4	190.6	190.5	189.6
Dec	189.1	189.1	189.2	188.3
Jan	187.8	188.1	188.2	187.2
Mar	186.6	187.1	186.9	186.1
May	186.4	186.4	186.5	185.6
Jul	187.0	187.0	187.3	186.5
Aug	188.0	187.5	188.0	188.0
Sep	188.5	188.5	188.6	188.5

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Sep	217/0	221/0	220/2	216/2
Dec	215/6	219/4	218/4	215/0
Mar	224/2	228/0	227/0	224/0
May	230/6	234/2	233/4	230/2
Jul	235/6	239/0	238/0	235/2
Sep	237/0	240/0	239/4	236/6
Dec	241/6	243/6	243/0	241/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Sep	315/0	317/6	317/4	314/0
Dec	327/4	330/4	330/2	326/2
Mar	333/0	336/6	336/0	332/0
May	330/4	334/4	334/0	329/4
Jul	314/0	319/2	319/4	313/4
Sep	321/0	326/0	321/0	320/0
Dec	332/0	336/0	332/0	332/0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	73.650	73.575	73.800	73.350
Dec	72.375	72.325	72.825	72.150
Feb	71.750	71.775	71.900	71.625
Apr	72.750	72.800	72.825	72.475
Jun	69.650	69.900	69.875	69.700
Aug	68.450	68.500	68.600	68.450
Oct	68.525	68.650	68.650	68.525

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Oct	40.125	40.175	40.200	39.900
Dec	40.725	40.650	40.800	40.350
Feb	40.500	40.625	40.625	40.350
Apr	38.850	38.925	39.050	38.700
Jun	44.450	44.500	44.525	44.400
Jul	44.450	44.500	44.600	44.450
Aug	43.300	43.350	43.450	43.275

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	39.525	39.875	40.100	39.075
Mar	39.175	39.625	39.900	38.825
May	40.500	40.950	40.950	40.050
Jul	40.550	40.500	40.850	40.000

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Oct)		+ or -
Dubai	$17.90-8.00	+.225
Brent Blend (dated)	$19.60-75	+0.2
Brent Blend (Oct)	$19.85-90	+0.2
W.T.I (1 pm est)	$21.25-30	+.175
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$214-215	-0.5
Gas Oil	$177-178	+2.5
Heavy Fuel Oil	$84-86	
Naphtha	$193-194	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$340.00	+0.6
Silver (per troy oz)♣	371.5c	+1
Platinum (per troy oz)	$356.75	+1.5
Palladium (per troy oz)	$86.5	+0.5
Copper (US Producer)	116.0c	
Lead (US Producer)	39.4c	
Tin (Kuala Lumpur market)	16.78r	
Tin (New York)	315.50c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	109.93p	-1.39*
Sheep (live weight)†♠	72.81p	-1.88*
Pigs (live weight)†	75.80p	-8.65*
London daily sugar (raw)	$255.80w	+6.2
London daily sugar (white)	$277.00w	+3.8
Tate and Lyle export price	£237.00	+2.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£148.0	
Wheat (US Dark Northern)	Unq	
Rubber (Oct)♥	50.00p	
Rubber (Nov)♥	50.00p	
Rubber (KL RSS No 1 Jul)	216.5m	-0.5
Coconut oil (Philippines)§	$520.0t	-5
Palm Oil (Malaysian)§	$400.00v	+2.5
Copra (Philippines)§	$330.0	
Soyabeans (US)	£131.0	-3
Cotton "A" index	57.45c	
Wooltops (64s Super)	384p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-Oct/Nov. w-Aug/Sep. y-Sep. d-Oct. z-Oct/Dec. †Meat Commission average fatstock prices * change from a week ago. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices

SUGAR – London FOX ($ per tonne) Raw	Close	Previous	High/Low	
Oct	206.80	207.00	206.80	
Dec	197.40	198.00	197.40	
Mar	195.60	197.00	195.60	193.40
May	196.00	193.80	196.00	
Aug	192.00	-	192.00	
Oct	192.00	-	192.00	
White	**Close**	**Previous**	**High/Low**	
Oct	261.50	262.00	262.00	259.30
Dec	256.00	256.50	256.50	254.80
Mar	258.00	258.00	258.50	257.00
May	260.50	261.00	261.50	259.80
Aug	265.50	266.00	265.50	
Oct	257.50	257.00	257.50	256.50

Turnover: Raw 82 (69) lots of 50 tonnes.
White 1001 (1433) Paris- White (FFr per tonne): Oct 1253.87 Dec 1249.41

CRUDE OIL – IPE $/barrel	Latest	Previous	High/Low	
Oct	19.85	19.72	19.88	19.66
Nov	19.91	19.81	19.94	19.73
Dec	19.92	19.84	19.95	19.74
Jan	19.88	19.75	19.88	19.78
IPE Index	19.60	19.76	19.60	

Turnover 14641 (17062)

GAS OIL – IPE $/tonne	Close	Previous	High/Low	
Sep	178.50	177.50	179.00	177.50
Oct	182.25	181.75	183.00	181.25
Nov	185.75	185.00	186.00	184.25
Dec	187.50	187.25	188.00	186.50
Jan	188.25	188.00	188.50	187.50
Feb	185.25	185.25	185.00	184.50
Mar	181.25	180.75	181.50	181.50
Apr	178.50	178.25	179.00	178.50

Turnover 10681 (12542) lots of 100 tonnes

SPICES
After a long period of continuously declining prices we can now report a more bullish trend at least for white pepper writes Man-Producten. White pepper prices hit a level of some usd 1100/mt cif a fortnight ago but is not available today below usd 1350 cif. The firmer trend is not caused by larger demand from consumption markets but is only due to sudden demand in the origin market. It may be too optimistic to expect that prices will maintain or go higher from now on. As to black pepper, prices also stopped declining further but here we have not seen any further improvement. Black pepper faq is offered at usd 900 cif.

هكذا من الأصل

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Lira trades below ERM floor

THE ITALIAN lira fell below its permitted limit against the D-Mark in the European exchange rate mechanism yesterday, as the German currency moved to the top of the ERM grid for the first time since October 1989, *writes James Blitz*.

Several factors pushed the lira below its lower band limit of L765.40 to the D-Mark yesterday. Mr Johann Wilhelm Gaddum, a member of the Bundesbank council, said that current economic data did not justify a cut in leading German interest rates. An opinion poll on the likely outcome of France's referendum on Maastricht next month showed a majority "No" vote is in prospect, underlining fears of a realignment.

The lira closed in *London* at L765.70, below its floor, despite intervention from the German, Italian and Belgian central banks. According to Mr Mark Austin, chief economist at HongKong and Shanghai Banking Corporation in London, the Italian currency was sold by major corporate investors inside Italy as well as the usual punters. "This has been a serious sell-off," he said, "which will not easily be turned around."

The lira's problems are at the heart of what are now the biggest strains inside the ERM since the realignment of 1987.

In normal times, the D-Mark, which is the hardest currency in Europe, should be at the centre of the grid so that the monetary policies and exchange rates of other countries can be adjusted around it. Yesterday, it was at the top of the grid, showing the strongest positive divergence of any currency against its central ecu rate.

That means it is straining against all currencies, pushing three of them – the lira, sterling and the French franc – towards their bilateral ERM floors against the D-Mark. Sterling managed to hold on yesterday, closing down a ¼ pfennig at DM2.7875. But the Dutch central bank, which traditionally shadows the D-Mark closely, raised its special advances rate to 9.70 per cent from 9.60 per cent to keep in line with developments.

Yesterday, EC governments ruled out an EMS realignment in a statement by the EC's Monetary Committee, firming the Italian currency in late American trading.

A joint statement like this suggests that there will be co-ordinated EC intervention to support currencies. But will mutual intervention work? With the D-Mark at the top of the grid, the onus is on the Bundesbank to push D-Marks into the financial system, upsetting its M3 Monetary supply targets. The burden is all the greater since Italy said yesterday that its foreign exchange reserves had dropped by a third in the month to June.

£ IN NEW YORK

Aug.28	Latest	Previous Close
£Spot	1.9815-1.9825	1.9790-1.9800
1 month	1.12-1.11pm	1.25-1.11pm
3 months	3.45-3.42pm	3.41-3.39pm
12 months	12.7-12.6pm	12.7-12.6pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug.28	Previous
8.30 am	92.1	92.3
9.00 am	92.1	92.3
10.00 am	92.1	92.2
11.00 am	92.1	92.1
Noon	92.1	92.2
1.00 pm	92.1	92.1
2.00 pm	92.1	92.1
3.00 pm	92.1	92.1
4.00 pm	92.0	92.1

CURRENCY MOVEMENTS

Aug 28	Bank of England Index	Morgan Guaranty Changes %
Sterling	92.0	-19.9
U.S. Dollar	58.6	-20.0
Canadian Dollar	97.2	-3.5
Austrian Schilling	112.3	+13.5
Belgian Franc	114.2	-0.1
Danish Krone	112.2	+5.6
D-Mark	123.0	+28.3
Swiss Franc	111.5	+18.8
Dutch Guilder	117.7	+18.4

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 28	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
D-Mark	2.05586	2.02593	-1.46	5.80	59
Spanish Peseta	133.631	131.683	-1.46	5.88	24
Dutch Guilder	2.31643	2.28506	-1.35	3.69	40
Belgian Franc	42.4032	41.7898	-1.45	5.79	44
Portuguese Escudo	178.735	176.997	-0.97	5.28	15
Danish Krone	7.84195	7.84157	0.00	4.26	-34
Irish Punt	0.767417	0.767685	0.03	4.22	-25
French Franc	6.89509	6.91611	0.30	3.94	-46
Italian Lira	1538.24	1550.45	0.79	3.43	-65
Sterling	0.696904	0.726661	4.26	0.00	-83

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Aug 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9780 - 1.9870	1.9815 - 1.9825	1.13-1.11cpm	6.78	3.44-3.41pm	6.91
Canada	2.3700 - 2.3745	2.3710 - 2.3720	1.12-1.05cpm	5.49	3.42-3.28pm	5.65
Netherlands	3.1365 - 3.1560	3.1400 - 3.1500	⅛-parcpm	0.48	⅝-⅛pm	0.64
Belgium	57.40 - 57.70	57.40 - 57.50	4-parcpm	0.42	13-5pm	0.63
Denmark	10.7700 - 10.8220	10.7725 - 10.7825	⅞-1¼oredis	-0.97	2⅞-4dis	-1.21
Ireland	1.0535 - 1.0575	1.0565 - 1.0575	0.05-parcpm	0.28	0.08-0.02pm	0.19
Germany	2.7850 - 2.7925	2.7850 - 2.7900	⅛-parpfpm	0.54	⅜-¼pm	0.54
Portugal	242.75 - 244.35	242.85 - 243.85	47-170cdis	-5.35	145-202dis	-2.85
Spain	180.80 - 181.70	180.80 - 181.10	44-51cdis	-3.15	142-148dis	-3.21
Italy	2127.20 - 2140.20	2134.00 - 2135.00	9-12liredis	-5.90	27-31dis	-5.43
Norway	11.0240 - 11.0680	11.0350 - 11.0450	1⅛-2oredis	-1.83	3⅛-4⅜dis	-1.36
France	9.4900 - 9.5260	9.4975 - 9.5075	⅛-¼cdis	-0.24	¼-⅝dis	-0.13
Sweden	10.1800 - 10.2310	10.1925 - 10.2025	4⅛-4⅞oredis	-5.37	8⅞-9⅞dis	-3.46

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.9820	1.9708	1.9477	1.9148	1.8550
D-mark	2.7875	2.7866	2.7839	2.7804	2.7658
French Fr.	9.5025	9.5016	9.4998	9.5005	9.4986
Swiss Fr.	2.4950	2.4901	2.4788	2.4621	2.4296
Yen	244.25	242.99	240.20	236.07	228.29

EXCHANGE CROSS RATES

	£	$	DM	YEN	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta	Ecu
£	1	1.982	2.787	244.2	9.502	2.495	3.145	2134	2.372	57.45	180.9	1.381
$	0.505	1	1.406	123.2	4.794	1.259	1.587	1077	1.197	28.99	91.27	0.697
DM	0.359	0.711	1	87.62	3.409	0.895	1.128	765.7	0.851	20.61	64.91	0.496
YEN	4.095	8.116	11.41	1000.	38.91	10.22	12.88	8739	9.713	235.3	740.8	5.655
F Fr.	1.052	2.086	2.933	257.0	10.	2.626	3.310	2246	2.496	60.46	190.4	1.453
S Fr.	0.401	0.794	1.117	97.88	3.808	1	1.261	855.3	0.951	23.03	72.51	0.554
N Fl.	0.318	0.630	0.886	77.65	3.021	0.793	1	678.5	0.754	18.27	57.52	0.439
Lira	0.469	0.929	1.306	114.4	4.453	1.169	1.474	1000.	1.112	26.92	84.77	0.647
C$	0.422	0.836	1.175	103.0	4.006	1.052	1.326	899.7	1	24.22	76.26	0.582
B Fr.	1.741	3.450	4.851	425.1	16.54	4.343	5.474	3715	4.129	100.	314.9	2.404
Pta	0.553	1.096	1.541	135.0	5.253	1.379	1.739	1180	1.311	31.76	100.	0.763
Ecu	0.724	1.435	2.018	176.8	6.881	1.807	2.277	1545	1.718	41.60	131.0	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

	Close	High	Low	Prev.
Sep	94-17	94-27	94-06	94-20
Dec	94-27	95-06	94-16	95-00

Estimated volume 42984 (78370)
Previous day's open int. 79743 (74815)

US TREASURY BONDS 8% * $100,000 32nds of 100%

	Close	High	Low	Prev.
Sep	104-29	105-07	104-29	105-00
Dec	103-24	104-01	103-29	103-26

Estimated volume 1020 (1079)
Previous day's open int. 2391 (2643)

6% NOTIONAL GERMAN GOVT. BOND * DM250,000 100ths of 100%

	Close	High	Low	Prev.
Sep	88.00	88.03	87.78	88.01
Dec	88.60	88.63	88.40	88.63

Estimated volume 55494 (46232)
Previous day's open int. 126650 (125135)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low
Sep	105.98	106.05	106.01
Dec	105.35	105.61	105.32

Estimated volume 1896 (1156)
Traded exclusively on APT

9% NOTIONAL ECU BOND ECU 200,000 100ths of 100%

	Close	High	Low	Prev.
Sep	95.50			95.60
Dec				

Estimated volume 0 (0)
Previous day's open int. 0 (0)

12% NOTIONAL ITALIAN GOVT. BOND (BTP) * LIRA 200m 100ths of 100%

	Close	High	Low	Prev.
Sep	92.49	92.57	91.96	92.43
Dec	93.17	93.13	92.61	93.08

Estimated volume 19822 (14892)
Previous day's open int. 36575 (37247)

THREE MONTH STERLING * £500,000 points of 100%

Estimated volume 10069 (11196)
Previous day's open int. 48967 (49697)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.9820	1.9708	1.9477	1.9148	1.8550

CHICAGO

	Latest	High	Low	Prev
Sep	105-07	105-10	105-01	104-31
Dec	104-01	104-05	103-28	103-36
Mar	102-28	102-31	102-24	102-21
Jun	101-22	101-22	101-20	101-17
Sep	-	-	-	100-15
Dec	-	-	-	-
Mar	-	-	-	-
Jun	-	-	-	-
Sep	-	-	-	-
Dec	-	-	-	-

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sep	96.86	96.87	96.85	96.85
Dec	96.75	96.76	96.74	96.73
Mar	96.70	96.71	96.70	96.67
Jun	96.46	96.46	-	96.42

BRITISH POUND (IMM) $s per £

	Latest	High	Low	Prev
Sep	1.9776	1.9820	1.9752	1.9744
Dec	1.9436	1.9464	1.9404	1.9400
Mar	1.9100	1.9100	1.9100	1.9068

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev
Sep	0.7929	0.7955	0.7910	0.7919
Dec	0.7843	0.7867	0.7838	0.7812
Mar	0.7785	0.7785	-	0.7751

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Latest	High	Low	Prev.
Sep	0.8103	0.8125	0.8003	0.8013
Dec	0.8098	0.8111	0.8080	0.8010
Mar	-	-	-	0.8016

DEUTSCHE MARK (IMM) DM125,000 $ per DM

	Latest	High	Low	Prev.
Sep	0.7085	0.7104	0.7060	0.7081
Dec	0.6971	0.6991	0.6970	0.6970
Mar	0.6875	0.6880	0.6875	0.6867
Jun	-	-	-	0.6769

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sep	96.56	96.56	96.54	96.54
Dec	96.37	96.38	96.36	96.35
Mar	96.34	96.34	96.31	96.29
Jun	96.04	96.04	96.02	95.99
Sep	95.65	95.65	95.63	95.60
Dec	95.06	95.06	95.03	94.99
Mar	94.80	94.80	94.76	94.73
Jun	94.40	94.40	94.35	94.32

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
Sep	413.55	414.20	413.30	414.05
Dec	414.05	414.90	413.85	414.60
Mar	414.30	-	414.30	415.05
Jun	414.80	-	414.80	415.35

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

Strike Price	Calls Sep	Calls Oct	Calls Nov	Calls Dec	Puts Sep	Puts Oct	Puts Nov	Puts Dec
1.850	13.00	13.00	13.00	13.00	-	0.45	1.05	1.74
1.875	10.50	10.50	10.55	10.56	0.04	0.77	1.58	2.42
1.900	8.05	8.10	8.37	8.47	0.12	1.28	2.28	3.21
1.925	5.68	6.16	6.47	6.73	0.42	1.99	3.14	4.24

PARIS

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
104	-	-	-	1.00	1.21	-
105	1.53	-	-	1.36	1.51	-
106	1.04	-	-	1.84	-	-
107	0.67	1.03	-	2.45	-	-
108	0.40	-	-	3.16	-	-
Open int	250,748	48,335	-	132,205	31,795	-

Estimated volume 67,519 † Total Open Interest 463,083
† All Yield & Open interest figures are for the previous day.

BANK RETURN

BANKING DEPARTMENT	Wednesday August 26, 1992	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	108,156,238	- 20,740,107
Bankers Deposits	1,413,838,560	- 75,501,293
Reserve and other Accounts	3,499,562,178	- 13,015,748
	5,036,109,976	- 109,257,148
ASSETS		
Government Securities	1,123,436,175	- 203,380,000
Advance and other Accounts	2,099,242,896	+ 104,122,589
Premises Equipment & other Secs	1,802,358,303	- 17,580,324
Notes	10,865,427	+ 7,576,548
Coin	207,175	+ 4,042
	5,036,109,976	- 109,257,148
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	16,539,134,573	+ 212,423,452
Notes in Banking Department	10,865,427	+ 7,576,548
	16,550,000,000	+ 220,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	10,292,283,669	- 1,597,035,718
Other Securities	6,246,701,231	+ 1,817,035,718
	16,550,000,000	+ 220,000,000

MONEY MARKETS

Another quiet day

Both the sterling cash and futures markets had another quiet day as the pound continued to hover around DM2.7900 on the foreign exchanges.

For the second day running, sterling futures stabilised a little above the 89.00 level, although they continued to price in a rise in UK base rates in the immediate future. The September short sterling contract dipped down to 89.15 from its previous close of 89.18 as the pound softened against the D-Mark. But it later finished at 89.18. The December contract closed 4 basis points down on the day at 89.14.

Cash rates in the sterling money market closed unchanged, although there was some selling in the 1-month and 3-month periods towards the close by dealers who did not want to leave their positions exposed over the long weekend.

Three-month money, a key indicator of where the market thinks base rates are moving, again closed at 10⅝ per cent on the offered side. One month money again closed at 10¼ per cent on the offered side and the 1 year rate at 10⅞ per cent. The "overnight" hit 10½ per cent before the finish.

The Bank of England forecast a shortage of £1.25bn at the start of the day which was completely removed in the early round. Once again, the Bank was accommodating, buying the longer dated Bands 3 and 4.

As usual, dealers will have wanted to push the short dates down as far as possible before a 3-day weekend. But the Bank was clearly concerned to sustain the mildly improved mood of the last day or two after the trials and tribulations of the early part of the week.

No Treasury bills were allotted at the regular Friday Treasury bill tender. After the rise in trading rates this week, offers for the bills would have been at rates that were too high to be accepted by the Bank of England, given the government's adherence to 10 per cent base rate.

The Bank purchased £100m of Band 3 Treasury bills at 9¾ per cent, £732m of Band 3 bank bills at 9¾ per cent, £100m of BAnd 4 Treasury bills at 9$\frac{11}{16}$ per cent and £344m of Band 4 bank bills at 9$\frac{11}{16}$ per cent.

The forecast was later revised to £1.35bn and the Bank purchased £1m of Band 4 bank bills at 9$\frac{11}{16}$ per cent. The forecast was later revised to £1.4bn and the Bank did not operate in the afternoon.

UK clearing bank base lending rate 10 per cent from May 5, 1992

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug.28)	3 months US dollars		6 months US Dollars	
	bid 3⅜	offer 3½	bid 3½	offer 3⅝

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6	One month	3.09	Three year	4.72
Broker loan rate	5¼	Two month	3.12	Five year	5.64
Fed.funds	3¼	Three month	3.23	Seven year	6.18
Fed.funds at intervention	-	Six month	3.35	10-year	6.64
		One year	3.48	30-year	7.43
		Two year	4.20		

Aug.28	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.50-9.65	9.75-9.85	9.75-9.85	9.80-9.90	9.80-9.90	9.75
Paris	10-10⅛	10$\frac{1}{16}$-10$\frac{3}{16}$	10$\frac{1}{16}$-10$\frac{3}{16}$	10⅜-10½	10⅜-10$\frac{11}{16}$	9.60
Zurich	7⅛-7⅜	7⅝-7⅞	-	7⅞-8	-	-
Amsterdam	9.75-9.88	9.78-9.83	-	9.75-9.80	-	-
Tokyo	4⅛-4⅜	4$\frac{1}{16}$-4$\frac{3}{16}$	-	-	-	-
Milan	15¼-15½	16$\frac{5}{16}$-16¾	-	16$\frac{1}{16}$-16⅝	-	-
Brussels	10⅛-10⅜	9⅞-10	-	9⅞-10	-	-
Dublin	10-10⅛	10½-10⅝	10⅝-10⅞	10$\frac{13}{16}$-10$\frac{15}{16}$	10¾-10⅞	-

LONDON MONEY RATES

Aug 28	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10	9⅞	10¼	10⅝	10⅞	10⅞
Interbank Bid	7½	9	10	10½	10⅝	10⅝
Sterling CDs	-	-	10¼	10⅝	10⅝	10⅝
Local Authority Deps.	9½	9¾	10¼	10½	10$\frac{11}{16}$	10⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10	9½	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	10⅛	10⅝	10$\frac{13}{16}$	10¾
Treasury Bills (Buy)	-	-	9$\frac{11}{16}$	10	10⅛	-
Bank Bills (Buy)	-	-	9¾	10$\frac{1}{16}$	10⅛	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.30	3.33	3.39	3.50
SDR Linked Dep. Offer	-	-	6⅛	6⅜	6¼	6⅜
SDR Linked Dep. Bid	-	-	5$\frac{13}{16}$	6⅛	6⅛	6⅛
ECU Linked Dep. Offer	-	-	11	11⅛	11⅛	11
ECU Linked Dep. Bid	-	-	10$\frac{13}{16}$	10⅞	10⅞	10$\frac{13}{16}$

Treasury Bills (sell); one-month 9¾ per cent; three months 9⅞ per cent; six months 10 per cent; Bank Bills (sell): one-month 9¾ per cent; three months 9$\frac{15}{16}$ per cent; Treasury Bills; Average tender rate of discount –. ECGD Fixed Rate Sterling Export Finance. Make up day August 28, 1992. Agreed rates for period Sep. 23, 1992 to October 25, 1992, Scheme I: 11.38 p.c. Schemes II & III: 11.66 p.c. Reference rate for period August 1, 1992 to August 28, 1992, Scheme IV&V: 10.379 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ from September 1, 1992; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 6½ per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 8½ per cent; nine-twelve months 8½ per cent; Under £100,000 7 per cent from May 6, 1992. Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
Adam & Company	10	Credit Lyonnais	10	McDonnell Douglas Bk.	10
Allied Trust Bank	10	Cyprus Popular Bk	10	Midland Bank	10
AIB Bank	10	Dao Heng Bank Plc	11	Mount Banking	10
● Henry Ansbacher	10	Duncan Lawrie	10	NatWestminster	10
B & C Merchant Bank	10.5	Equatorial Bank plc	10	Northern Bank Ltd	10
Bank of Baroda	10	Exeter Bank Limited	10.5	Nykredit Mortgage Bank	10.5
Banco Bilbao Vizcaya	10	Financial & Gen. Bank	10	Provincial Bank PLC	14
Bank of Cyprus	10	● Robert Fleming & Co.	10	● Rea Brothers	10
Bank of Ireland	10	Robert Fraser & Ptnrs.	10.5	Roxburghe Bank Ltd.	11
Bank of India	10	Girobank	10	Royal Bk of Scotland	10
Bank of Scotland	10	● Guinness Mahon	10	● Smith & Willmsn Secs.	10
Banque Belge Ltd	10	Habib Bank AG Zurich	10	Standard Chartered	10
Barclays Bank	10	● Hambros Bank	10	TSB	10
Brit Bk of Mid East	10	Hampshire Trust Plc	13.5	Unibank plc	10
● Brown Shipley	10	Heritable & Gen Inv Bnk.	10	● United Bk of Kuwait	10
CL Bank Nederland	10	● Hill Samuel	10	Unity Trust Bank Plc	10
Citibank NA	10	C. Hoare & Co.	10	Western Trust	10
City Merchants Bank	10	Hongkong & Shanghai	10	Whiteaway Laidlaw	10
Clydesdale Bank	10	Julian Hodge Bank	10	Yorkshire Bank	10
Co-operative Bank	10	● Leopold Joseph & Sons	10	● Members of British Merchant Banking & Securities Houses Association.	
Coutts & Co	10	Lloyds Bank	10		
		Meghraj Bank Ltd	10		

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. "Compounded Annual Rate" Int Crd: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system. they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 2573

Treasury 13¾% Stk 2000/03 - £120¾ ZZ120¾

Exchequer 10½% Stk 2005 - £108

Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £117¾

Corporation and County Stocks

No. of bargains included nil

London County 2½% Cons Stk 1920(or after) ...

Pacific Electric Wire&Cable Co Ld 3¾% Bds 2001 - $102¾

Pearson PLC 10½% Bds 2008 - £95⅞

Peninsular & Oriental Steam Nav Co 11½% Bds 2014 (Br£10000&100000) - £98⅞

Prudential Finance BV 9⅝% Gtd Bds 2007 (Br£5000&100000) - £93¾ (25Au92)

Prudential Realty Secs 111 Inc Gtd Zero Cpn Bds 15/1/99 - $64⅞ (25Au92)

RMC Capital Ld 8¾% Cnv Cap Bds 2006 (Br £5000&50000) - £88¾

Redland Capital PLC 7¼% Cnv Bds 2002 - £86

Reed International PLC 11⅜% Bds 1994(Br ...

...

Porth Group PLC Ord 20p - 1 (25Au92)

Property Trust PLC Ord 25p - 29 30

Savage Group PLC 6.5% (Net) Cum Red Cnv Prf £1 - 0.48 48 (25Au92)

Seafield Resources PLC Ord 10p - 50 (21Au92)

Sheldon Jones PLC Ord 25p - 48 (21Au92)

Simpsons of Cornhill PLC Ord 5p - 34

Total Systems PLC Ord 5p - 43 (21Au92)

Union Square PLC Ord 1p - 4 (21Au92)

Wharfedale PLC Ord 5p - 10½

Wyevale Garden Centres PLC 6.5% (Net) Cnv Cum Red Prf £1 - 155 (26Au92)

Rule 535(2)

No. of bargains included 14

African Gold PLC Ord 1p - £0.1 (24Au92)

Allied Satellite Communications PLC Ord 5p - £0.04 (26Au92)

Asset Global Funds International Bond - £5.016 (24Au92)

Biocure Holdings PLC Ord 1p - 48 (21Au92)

Celltech Ld Ord £1 - £2½ (25Au92)

Channel Islands Comms (TV) Ld Ord 5p - £0.2 (24Au92)

DeBeattie Finance Co Ld Ord 10p - 20 (24Au92)

Gander River Resources PLC Ord 5p - £0.02 (24Au92)

Greenstar Hotels PLC Ord 10p - £0.35 (26Au92)

Guernsey Gas Light Co Ld Ord 10p - £0.49 (26Au92)

INVESCO MIM Britannia Int Ld Japan Income & Growth - £1.097

Kleinwort Benson(Int) Fund Man Int Acc Units Bond Fd - £10.403

Japanese Fund - $0.585 (26Au92)

KB Gilt Fund - £13.55

Strategic Inv Fd - £0.9401 (21Au92)

Int Equity Gwth Inc - £1.787♦

Lawrie Group PLC Ord £1 - £18 19

Le Riche's Stores Ld Ord £1 - £2.15 2.15 (21Au92)

M&G(Guernsey)Island Gold Fund Inc Units - £9.605 (24Au92)

Merrett Hldgs PLC Ord 10p - £0.37

Newbury Racecourse PLC Ord £100 - £2100 (24Au92)

Rangers Football Club PLC Ord 10p - £0.[illegible] (26Au92)

C Deb Stk £1500 - £1650 (26Au92)

Rothschild Continuations Ld Cum 2nd Prf 10p - £1.78‡ 1.78‡ 1.92 (26Au92)

Saxon Hawk Group PLC Ord £1 - £1.06 (25Au92)

Select Industries PLC Ord 2½p - £0.035

New Ord 7½p(2½p Regd) - £0.0025 (26Au92)

Shepherd Neame Ld"A" Ord £1 - £4 35 4.4 (26Au92)

Southern Newspapers PLC Ord £1 - £2.2[illegible] (25Au92)

Sun Oil Britain Ld Oil Royalty Stk Units 1p - £0.27 (21Au92)

Weetabix Ld"A" Non.V Ord 25p - £11.3♦

Wellington(Salop)Markets Ord £1 - £1

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Actinor AS NK46 859

Aust. Foundation Inv A$3 276

Cape Range Oil A$0.33 (26/8)

City Developments S$3.702

Dainippon Screen Manufacturing Y630 937 (26/8)

Forest Laboratories £18.70 (25/8)

Kulim Malaysia Ord 18

National Electronics HK$0.156 (26/8)

North Flinders Mines A$3.73 (25/8)

Oil Search 26 (25/8)

Selangor Coconuts 23 (25/8)

Storer Communications SK241.04 (26/8)

By Permission of the Stock Exchange Council

...

Put Wts (Srs M) Rlg FTSE 100 30/3/93 - £1¾ 2.1 2.34 (25Au92)

Put Wts (Srs N) Rlg FTSE 100 30/3/93 - £1.59 1.64 (25Au92)

Put Wts (Srs O) Rlg FTSE 100 30/3/93 - £0.92

FINANCIAL TIMES

Published in

LONDON ● PARIS ● FRANKFURT ● NEW YORK ● TOKYO

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LONDON STOCK EXCHANGE

Equity traders on the defensive tack

By Terry Byland
UK Stock Market Editor

Account Dealing Dates		
*First Dealings:		
Aug 10	Aug 24	Sep 7
Option Declarations:		
Aug 20	Sep 3	Sep 17
Last Dealings:		
Aug 21	Sep 4	Sep 18
Account Day:		
Sep 1	Sep 14	Sep 28

*New time dealings may take place from 8.30 am two business days earlier.

TRADERS in the UK stock market achieved their purpose yesterday, which was to leave buy/sell commitments evenly balanced ahead of what could prove a difficult weekend for sterling. "Flat" positions had been ordered at morning meetings at most leading securities firms and "flat" positions had been largely achieved by the close of business.

In order to achieve this happy, or at least non-threatening, state of affairs, the stock market had to close its eyes to less satisfactory developments. Sterling slipped again to close within one pfennig of its ERM floor and the latest Maastricht opinion poll from France showed a 53 per cent "no" majority.

Share prices drifted lower at first, reflecting the general lack of genuine investment interest but rallied when the Footsie dipped briefly below 2,300. The gentle recovery continued and the close the Index was unchanged from overnight. The final calculation showed the FT-SE at 2,312.6, a net one point up on the day.

Strategists remained apprehensive, believing that the stock market is still vulnerable to interest rate worries.

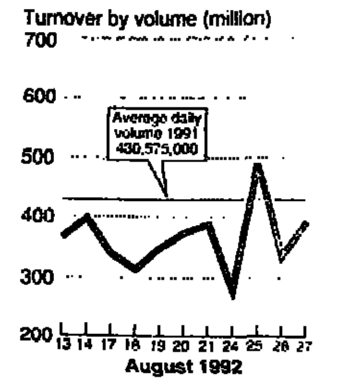
Seaq volume slipped to 339.5m shares from the 474.1m of the previous session. Fund managers remained on the sidelines yesterday, and retail business was believed to be no better than the £878.6m recorded on Thursday. However, Sharelink, Britain's largest execution-only broker, said that its largely private client business has been weighted heavily on the buy side again this week.

The stock market, pre-occupied with its own internal factors, paid little heed to currencies for most of the session, although it grew nervous at the close when sterling eased and the D-Mark headed the ERM range. However, equity trading had closed in London before the EC's monetary committee ruled out a realignment of the EMS currencies. UK share traders went home for the three day Bank Holiday weekend in the UK, wondering if the currency picture will have changed by the time they return to work on Tuesday.

Interest-related stocks, including the stores, moved narrowly around overnight levels and the brewery and leisure sectors found little support as the market continued to digest the previous day's trading statement from Scottish & Newcastle. However, buyers came in for pharmaceuticals, safe havens at a time of global economic recession.

● Retail business remains very poor, even by the standards of a holiday period. Business levels are barely profitable for securities firms.

London SE volume



Builders hard hit again

ANOTHER set of dire statistics from the influential Builders Merchants Federation (BMF), hard on the heels of equally serious warnings of impending dividend cuts throughout the sector, left building shares in disarray yesterday.

Builders merchants bore the brunt of determined and often heavy selling pressure as specialists focussed on the latest bad news from the BMF. Figures released by the Federation showed July sales 2.7 per cent lower than in the corresponding month last year, compared with a 0.2 per cent increase in June against the corresponding month.

Earlier this week, building shares fell sharply after County NatWest issued a blanket sell recommendation on the contracting and building materials sectors.

Next week sees the start of the autumn reporting season for these sectors. Mr Robin Hardy, building analyst at Panmure Gordon, warned of "horror stories that will surely emerge during the next month, with poor results and dividend cuts, or warnings at the very least least, likely to be the order of the day."

Panmure expects that, by the end of the year, close to 60 per cent of the contractors and 40 per cent of the materials companies will have cut their dividends.

Worst hit by news of the BMF sales figures were Meyer International, the timber specialists, which slumped 31 to 204p, Heywood Williams, glass and aluminium products, 20 lower at 139p. Hepworth, the building materials supplier, dropped 16 to 264p.

Lucas slide

Automotive and aerospace group Lucas Industries was one of the worst hit stocks in the London market yesterday with selling coming from the US. Also, worries over the safety of the dividend are growing amid bad news from many areas of the motor industry. The shares fell 7 to 83p – the lowest for at least five years – on turnover of 2.3m.

The shares began to slide in early trading as a block of stock failed to find a home. Then, computer-operated pension fund BatteryMarch was said to have turned seller. Dealers added that the market believes Lucas's historic 7p dividend is unsustainable this year and has been making its point by marking down the share price. At 83p Lucas is on a gross yield of 11.2 per cent which is seen as far too high compared with the sector average of around 8.27 per cent.

Sentiment was further affected by news of layoffs at Jaguar and warnings from several big European car manufacturers of grim conditions in the second half of this year.

The flow of bad news from the brewing, hotels and leisures industries continued to cast a shadow over shares in these sectors.

Grim warnings on Thursday from Scottish & Newcastle, the brewing and leisure group as well as Greene King, the brewer, followed a similar announcement from Grand Metropolitan on Monday and a series of profits downgrades on Bass and Whitbread.

Scottish & Newcastle, down 19 on Thursday, dropped 7 more to 383p yesterday while Bass retreated a further 13 to 475p.

Rank Organisation, heavily involved in the UK leisure industry, via its film, video, hotel, holidays and bingo hall businesses, came under increased pressure yesterday, retreating 15 to 504p. Analysts at many of the big broking houses were looking hard at their Rank estimates after the warning from Scottish & Newcastle. The current range of estimates is from around £230m to £260m with many at the top end beginning to chop their numbers closer to the £230m mark.

The market continued to focus on Glaxo as a number of UK fund managers who are underweight in the stock were said to be concentrating on a number of positive factors. The need to adjust holdings prompted the shares to rise 12 to 722p yesterday on turnover of 4.7m.

Observers are looking towards a meeting of the US Food and Drug Administration advisory committee on Thursday to discuss wider use of Glaxo's chemotherapy drug Zofran. Then, on September 8, the group will address a symposium on its anti-migraine medication Imigran. It is hoped this will hasten US approval for injectable Imigran.

Finally, investors are awaiting full-year results on September 10. Glaxo is expected to announce profits of between £1.42bn and £1.46bn and an increase in the dividend, possibly by as much as 40 per cent.

Pharmaceuticals group Wellcome had a slow start but gathered pace during the day turning an early fall of 2 into a gain of 17 at 817p. There was interest at the disclosure, earlier than expected, of a meeting by US authorities to review an AIDS-related drug. Then, in New York, Salomon Brothers joined the general enthusiasm of UK securities houses by initiating coverage of Wellcome with a buy rating. Wellcome is also still affected by technical factors as dealers seek to find a level for the share price following the recent share issue by Wellcome Trust.

British Bio-Tech jumped 20 to 452p in response to its inclusion in the FT Actuaries list.

NatWest substantially underperformed the rest of the big banks after hints that one of the big broking houses was preparing a profits downgrade. No confirmation of such a move was forthcoming but NatWest shares remained weak, closing 7 off at 294p.

Insurance broker Sedgwick kept up its recent strong performance, stimnulated by the latest rise in the dollar and optimism over US insurance rates.

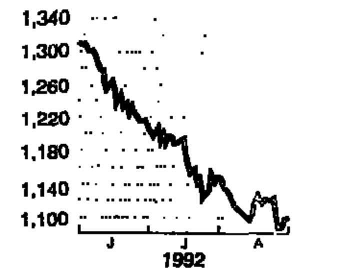
Television production and services group Carlton Communications recovered 12 to 559p with S.G. Warburg Securities repeating its buy recommendation. The house admires the company's balance sheet, likes its exposure to US recovery and, although it maintains its full-year profit estimate of £102.5m, feels the forecast might be conservative.

Information and electronic systems group Reuters jumped 22 to 1049p with a number of analysts focusing on prospects for the group's new dealing systems. Mr Brian Newman of Henderson Crosthwaite said the derivative products dealing system Globex was now seeing more than 5000 contracts traded every day and Dealing 2000-2, the foreign exchange product was now used at around 85 sites. However, another analyst said Reuters was still not happy with the progress of 2000-2.

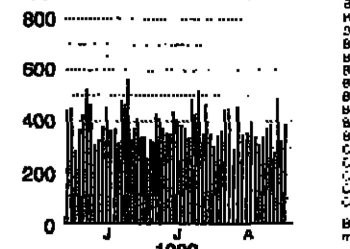
Isle Of Man Steam Packet retreated 12 to 167p after the steep fall in half-year profits. BAA closed 13 off at 632p, hit by worries about profits downgrades and potential damage to the group's business by another outbreak of conflict in Iraq. British Airways eased 5 to 224p for the same reason.

Slough Estates, the UK's fourth-biggest property company, continued to make progress after Thurday's dividend reduction which had been expected. Dealers said yesterday's rise, which put a further 9 on the shares to 104p, following a gain of 6 on Thursday, was a reflection of the attractive yield and recovery prospects.

FT~A All~Share Index



Equity Shares Traded



MARKET REPORTERS:
Peter John,
Steve Thompson.

■ Other market statistics, Page 9

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (8). ENGINEERING GENERAL (1) Pladmac, HEALTH & HOUSEHOLD (1) Brit Bio-Technology, MEDIA (3) CIA, TVS Ent., Do 7.4pc Pf, PACKAGING PAPER & PRINTING (3) Boxmore, Continuous Stationery, Serif.
NEW LOWS (143). BRITISH FUNDS (7) Tr 9pc '12 A, Tr 8¾pc '17, Do A, Tr 2½pc IL '01, Tr 2½pc IL '09, Tr 2pc IL '06, Tr 4⅛pc IL '30, AMERICANS (1) Whirlpool, CANADIANS (2) Dertan, Hawker Siddeley Can, BANKS (1) Royal Bank Scot, BREWERS & DISTILLERS (3) Bass, Greene King, Scot & Newcastle, BUILDING MATERIALS (8) Blue Circle, Hepworth, Heywood Williams, Do Cv Pf, Meyer, Russell (A), BUSINESS SERVICES (4) Hogg Robinson, Holmes Protcn., Johnson Cleaners, Proudfoot, CHEMICALS (4) Caird, Cambridge Isotops, Hickson, Schering, CONGLOMERATES (3) Bibby, Cannon St., Scot Heritable, CONTRACTING & CONSTRUCTION (9) Amco, Bryant, CALA, Edmond, McAlpine, Persimmon, Prowting, Vibroplant, Ward Hldgs., ELECTRICALS (1) Oxford Insts., ELECTRICITY (1) Bedford, ELECTRONICS (3) Computer People, P & P, Unitech, ENGINEERING AEROSPACE (2) FR, ML, ENGINEERING GENERAL (8) Babcock, Black & Decker, Carclo, Fife Indmar, Haden MacLellan, Hopkinsons, Victaulic, Vortex, FOOD MANUFACTURING (5) Matthews (B), Northern, RHM, Unigate, Utd. Biscuits, FOOD RETAILING (2) Ashley 8¼pc Pf, Nurdin & Peacock, HEALTH & HOUSEHOLD (4) Community Hosp., Lilly (E), Reckitt & Colman, Do 9½pc Cv Bd., HOTELS & LEISURE (8) Airtours, Chrysalis, Friendly, Owners Abroad, Do 9¼pc Pf, Rank Org., Resort, Thorn EMI, INSURANCE COMPOSITE (2) Domestic & Gen., Topdanmark, INVESTMENT TRUSTS (18) City of Oxford Zero Pf, Contra-Cyclical Cap., General Cons. Cap., Jos. Kleinwort Smlr. Co's, Lloyds Smlr. Co's Pckg. Uts., M & G Inc. Grd. Uts., M & G Recovery Pckg. Uts., New Throg. Inc., River & Merc. Smlr. Wts., River & Merc. Tst. Wts., SPRAIT, St. Davids Inc., MEDIA (4) Goodhead, Holmes Marchant, Novo, Shandwick, METAL & METAL FORMING (1) Richards, MISCELLANEOUS (5) McLeod Russel, Ricardo, Rothmans, Strong & Fisher, UDO, MOTORS (4) European, Evans Halshaw, Lucas, Do Wts., OILS & GAS (1) Petrolina, OTHER FINANCIAL (2) FNFC 6.3pc Cv Pf, Mercury Assets Mngemt., OTHER INDUSTRIAL MATERIALS (4) Norcros, Watts Blake, Williams, Do 5½pc Pf, PACKAGING, PAPER & PRINTING (2) St. Ives, Stat-Plus, PROPERTY (9) Grainger, Greycoat, Gt. Portland 9½pc '02, Land Lease, Olives, Palmerston, Regalian, Southend Prop. Wts., Wales City of Lon., STORES (3) Goldsmiths, Lloyds Chems., Mallett, TEXTILES (8) Allied Text., Baird, Campari, Courtaulds, Lamont, Pepe, Tomkinsons, Wensum, TRANSPORT (4) Assoc. Brit. Ports, IoM Steam, Mayne Nickless, Vard, MINES (7) Anglo Amer. Coal, Caledonia, Elandsrand, Meilings, Placer Res., Renison, Venterpost.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	0	68	8	27	314	39
Other Fixed Interest	2	2	11	10	40	25
Commercial, Industrial	169	302	961	797	2,004	4,377
Financial & Property	88	113	598	467	1,084	2,452
Oil & Gas	14	12	60	55	97	278
Plantations	1	0	8	3	1	41
Mines	38	27	84	113	195	437
Others	31	47	49	143	243	215
Totals	343	571	1,779	1,615	3,978	7,864

FINANCIAL TIMES STOCK INDICES

	Aug 28	Aug 27	Aug 26	Aug 25	Aug 24	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	87.04	87.29	87.25	87.56	87.90	85.98	89.75 (3/7)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	103.18	103.26	103.34	103.82	104.51	94.91	108.35 (6/7)	97.15 (2/1)	106.35 (6/7/92)	50.53 (3/1/75)
Ordinary Share ⊕	1680.8	1688.6	1676.2	1681.0	1713.7	2066.2	2149.7 (22/5)	1676.2 (26/8)	2149.7 (22/5/92)	49.4 (26/6/40)
Gold Mines	79.4	79.3	78.7	80.3	82.4	157.6	180.6 (10/1)	78.7 (26/8)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2312.6	2311.6	2285.0	2281.0	2311.1	2638.2	2737.8 (11/5)	2281.0 (25/8)	2737.8 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1053.68	1056.13	1037.41	1029.56	1050.49	1188.76	1248.79 (11/5)	1029.56 (25/8)	1248.79 (11/5/92)	938.62 (16/1/91)
⊕Ord Div Yield	5.29	5.28	5.33	5.31	5.22	4.59				
⊕Earning Yld %(full)	7.69	7.68	7.74	7.72	7.56	7.48				
⊕P/E Ratio(Net)(☆)	16.44	16.47	16.33	16.37	16.71	16.67				
SEAQ Bargns 5.00pm	17,194	18,567	17,228	19,218	18,919	30,491				
Equity Turnover(£m)†	-	878.6	828.2	1103.8	666.6	1031.0				
Equity Bargains†	-	20,646	20,490	20,803	20,280	30,460				
Shares Traded (mil)†	-	392.4	338.1	488.0	282.6	445.3				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.30.

Ordinary Share Index, Hourly changes — Day's High 1689.4 — Day's Low 1671.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1689.4	1684.1	1677.5	1673.9	1675.1	1680.1	1680.7	1680.6	1680.3

FT-SE 100, Hourly changes — Day's High 2314.6 — Day's Low 2298.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2312.6	2308.4	2304.6	2301.4	2303.5	2309.0	2309.2	2310.4	2312.2

FT-SE Eurotrack 200, Hourly changes — Day's High 1054.65 — Day's Low 1046.96

Open	10 30 am	11 am	12 pm	1 pm	2 pm	3 pm
1048.04	1047.86	1047.53	1049.50	1052.85	1053.88	1052.93

GILT EDGED ACTIVITY

Indices*	Aug 27	Aug 26
Gilt Edged Bargains	121.3	111.8
5 – Day average	94.9	85.6

*SE Activity 1974.
†Excluding Intra-market business and Overseas turnover.

London report and latest Share index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	3	389	1	Comm Union	556	447	-6	Lonrho	1,500	71	+1	Shell Transport	1,200	462	-2
ASDA Group	1,900	41½		Cookson	528	123		Lucas	2,300	83	-7	Siebe	544	575	+8
Abbey National	1,100	361	+1	Courtaulds	618	429	-1	MB Caradon	1,200	225	-3	Slough Ests	842	104	+9
Albert Fisher	[illegible]	32		Dalgety	554	378	-3	MEPC	355	230	+3	Smith (W.H.) A	319	391	
Allied Lyons	926	561	5	De La Rue	39	541		Manweb	354	357	+2	Smith & Nephew	675	131	
Amstrad	564	23		Dixons	1,400	184	-4	Marks & Spencer	1,800	255	-1	SmKl Beecham	1,300	456	+1
Anglian Water	430	437	-1	Eastern Elect	628	276	+2	Midlands Elect.	740	329		SmKl Beecham Uts.	430	410	
Argos	[illegible]	[illegible]		East Midland Elect	1,900	309	+3	NFC	130	225	-2½	Smiths Inds	278	375	-2
Argyll Group	664	332	1	Eng China Clays	435	460	+8	NatWest Bank	3,100	294	-7	Southern Elect	657	319	
Arjo Wiggins	582	210½	½	Enterprise Oil	160	348	-1	National Power	2,200	241	+2	South Wales Elect.	485	373	+2
Ass. Brit. Foods	56	391½	-2½	Eurotunnel Units	326	375	+5	Next	505	68		South West Water	34	421	
Ass. Brit. Ports	308	257		FKI	0	66	-1	North West Water	739	437		South West. Elect.	210	313	-2
BAA	2,300	632	13	Fisons	1,100	188	+5	Northern Elect.	958	330	+2	Southern Water	253	406	
BAT Inds	1,205	740	+2	Forte	849	124	-1	Northern Foods	1,700	228	-7	Standard Chartd.	381	373	-1
BET	1,000	114	1	Gen Accident	738	409	+4	Norweb	309	344	+2	Storehouse	631	122	-1
BICC	120	347	1	General Elect	2,900	233½	+3½	Pearson	486	319	-6	Sun Alliance	789	228	-2
BOC	472	622	-1	Glaxo	4,700	722	+12	P & O	638	329	+6	T&N	2,400	121	-1
BP	7,600	193½	+1	[illegible] Int	410	202		Pilkington	5,800	89	+3	TI Group	984	261	-7
BPB Inds	1,900	137	+1	Granada	1,300	235	-3	PowerGen	668	261	-½	TSB	1,100	127	
BT	2,800	346½	+1½	Grand Met	1,900	389	-1	Prudential	2,200	224	-4	Tarmac	2,700	69	+2
BT New	1,300	244	-1½	GUS A	35	1388		RHM	635	141	-5	Tate & Lyle	1,600	293½	+3½
BTR	3,100	404	5	GRE	772	125		RMC	130	480	+4	Taylor Woodrow	1,300	52	
Bank of Scotland	362	102		GKN	452	350	-3	RTZ	1,200	500	-4	Tesco	2,000	219½	-½
Barclays	4,100	286	-1	Guinness	1,900	519	+2	Racal	7,000	65¼	+½	Thames Water	1,000	437	+1
Bass	2,000	474	-14	HSBC (75p shs)	6,100	340	+6	Rank Org.	259	504	-15	Thorn EMI	1,100	686	-13
Beresford Int	59	11½		Hammerson A	160	200	-1	Reckitt & Colman	263	534	-2	Tomkins	1,400	425	-3
Blue Circle	1,100	158	+3	Hanson	2,100	189		Redland	618	364	+5	Trafalgar House	677	46	+1
Booker	100	367	+2	Hanson Warrants	639	18		Reed Intl	1,300	470	+2	Unigate	1,000	327	-1
Boots	1,500	437	-3	Harrisons Crosfield	855	119		Rentokil	724	141	-4	Unilever	748	933	+1
Bowater	190	731		Hillsdown	2,100	99		Reuters	557	1049	+22	United Biscuits	2,000	284	-6
Brit Aerospace	416	198	-5	IMI	131	232		Rolls Royce	1,200	135	+2	Utd. Newspapers	52	388	-1
British Airways	2,500	224	-6	ICI	681	1065	-4	Rothmans	105	468	-13	Vodafone	3,100	302	+1
British Gas	2,000	241½	+½	Inchcape	94	390	-2	Ryl Bk Scotland	1,500	144	-2	Warburg (SG)	195	408	-3
British Land	250	153	+1	Kingfisher	347	432	+2	Royal Insurance	951	144	-5	Wellcome	1,600	817	+17
British Steel	3,200	49½	-1	Kwik Save	172	641		Saatchi	111	136	+3	Welsh Water	355	458	
Bunzl	0	88		Ladbroke	2,900	141	+2	Sainsbury	1,000	450	+3	Wessex Water	204	511	-2
Burmah Castrol	810	550		Land Securities	610	380	+4	Scottish & New.	1,100	383	-7	Whitbread 'A'	945	378	+5
Burton	1,200	31	-½	Laporte	592	456	+5	Scot. Hydro-Elect.	582	206½	+1½	Williams Hldgs.	561	231	-4
Cable & Wire	1,600	501	-3	Legal & General	849	290	-2	Scottish Power	3,800	187	+1½	Willis Corroon	738	155	-1
Cadbury Schweppes	1,700	436	-6	Lloyds Abbey	259	300	-2	Sears	2,700	66½	-½	Wimpey	103	97	
Calor Group	7	175		Lloyds Bank	3,000	402	+2	Sedgwick	3,100	122	+8	Wolseley	1,500	318	+1
Carlton Comms	844	559	+12	LASMO	1,300	132	+1	Seaboard	38	318	-2	Yorkshire Elect.	1,500	374	+3
Coats Viyella	434	159		London Elect.	792	307	-1	Severn Trent Water	805	417	+4	Yorkshire Water	384	478	-4

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

DERIVATIVES markets recorded a very uneventful session as London traders turned their attention away from currencies and concentrated on squaring positions ahead of the extended weakened break in the UK financial markets, writes Terry Byland.

The investment fund managers stayed on the sidelines, and it was left to the local traders to provide what impetus there was. The Footsie September contract opened lower but was then squeezed higher despite the weaker trend in the pound which became more emphasised towards the end of the session.

Final quotations showed the contract at a very modest premium against the underlying cash market.

In traded options, overall turnover slipped to 21,828 from Thursday's 24,801 contracts, with calls totalling 9,619 yesterday. Among individual shares, British Steel topped the actives list with 2,508 contracts, as the market continued to react to selling pressures earlier in the week. It was followed by HBSC with 2,000, but business then died away, with TSB, next on the list, recording only 1,002 contracts.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	108.2632	-0.003	8.75	8.39	8.35
BELGIUM		8.750	06/02	97.9000	-0.200	9.08	8.97	8.95
CANADA *		8.500	04/02	107.4500	-0.250	7.40	7.13	7.36
DENMARK		9.000	11/00	95.8200	-0.190	9.75	9.69	9.39
FRANCE	BTAN	8.500	03/97	95.9522	+0.109	9.61	9.48	9.42
	OAT	8.500	11/02	95.8400	+0.240	9.11	8.98	9.04
GERMANY		8.000	07/02	100.7200	-0.005	7.89	7.91	8.02
ITALY		12.000	05/02	92.3000	-0.850	13.89†	13.81	13.91
JAPAN	No 119	4.800	06/99	100.3088	-0.363	4.74	4.79	4.96
	No 129	6.400	03/00	109.0534	-0.786	4.77	4.77	4.89
NETHERLANDS		8.250	06/02	99.4250	-0.070	8.33	8.31	8.35
SPAIN		10.300	06/02	88.4000	-0.625	12.79	12.18	12.10
UK GILTS		10.000	11/96	100-03	+4/32	9.96	9.56	9.41
		9.750	08/02	100-20	-3/32	9.64	8.27	9.13
		9.000	10/08	97-06	-4/32	9.34	9.02	8.94
US TREASURY *		6.375	08/02	98-03	-	6.64	6.41	6.47
		7.250	08/22	97-28	-11/32	7.43	7.28	7.33
ECU (French Govt)		8.500	03/02	91.9500	-0.420	9.83	9.35	9.44

London closing, *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Friday August 28 1992

Water	+ 33.13		Engineering-Aerospace	- 9.32
Electricity	+ 12.38		Merchant Banks	- 10.71
Electronics	+ 12.25		Chemicals	- 10.76
Food Retailing	+ 7.98		Financial Group	- 10.79
Banks	+ 2.52		Electricals	- 11.09
Other Industrial Materials	+ 0.14		Investment Trusts	- 11.21
Media	- 0.31		Food Manufacturing	- 11.40
Other Groups	- 0.94		Insurance (Life)	- 11.41
Packaging, Paper & Printing	- 1.21		Conglomerates	- 13.27
Telephone Networks	- 1.98		Business Services	- 14.15
Motors	- 3.31		Metals & Metal Forming	- 14.25
Stores	- 4.07		Health & Household	- 14.82
Industrial Group	- 5.62		Insurance (Composite)	- 17.38
Brewers & Distillers	- 6.37		Oil & Gas	- 18.35
Textiles	- 6.47		Hotels & Leisure	- 20.86
500 Share Index	- 7.13		Building Materials	- 21.14
Capital Goods	- 7.14		Property	- 35.88
All-Share Index	- 7.70		Contracting, Construction	- 36.41
Consumer Group	- 8.01		Insurance Brokers	- 40.88
Transport	- 8.49		Gold Mines Index	- 42.42
Engineering-General	- 8.82			

COMMODITIES

WEEK IN THE MARKETS

Gold price rally runs out of steam

THE GOLD market's cautious recovery following its sudden plunge a fortnight ago ran out of steam this week.

Buyers were keen on Monday, as dollar weakness made the yellow metal relatively cheap in terms of other currencies, and the price climbed $4.75 to $342.20 a troy ounce, although gains were limited by reports of producer selling.

At that point traders were suggesting that a rise to $342.80 an ounce might trigger short-covering by the US investment funds whose sell-off had been largely responsible for the preceding fall. But the thesis was never tested. In spite of the dollar's continuing slide gold met strong upside resistance on Tuesday amid concern about Australian selling encouraged by the fact that the Australian dollar was even weaker than the US currency.

The gold price slid to $338.20 an ounce before fresh support emerged on Thursday, in spite of a upturn in the fortunes of the dollar. The support was underpinned by buying in strong currency areas, notably Germany, where it was estimated that demand for gold was running at about four times the 1991 level. By last night's close the price had recovered to $340 an ounce, up $2.55 on the week.

The silver market, which got off fairly lightly when gold plummeted two week's ago, continued to lose ground this week, the cash price touching an 18-month low of 364.75 cents an ounce on Wednesday. Traders said silvers' apparent independence of the gold price trend underlined its new status as an industrial, rather than a precious, metal and attributed its fall to gloomy economic conditions. Cash silver closed at 371.5 cents an ounce, down 4.5 cents on the week.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+12,100	to 1,350,600
Copper	+5,575	to 268,550
Lead	+1,500	to 154,625
Nickel	+342	to 43,302
Zinc	+1,550	to 348,225
Tin	+110	to 14,695

At the London Metal Exchange activity tended to be discouraged by the volatility of the foreign exchange markets. "Investors won't commit themselves while there is the danger a sudden currency move will wipe out a profit or trigger a stop-loss order within seconds," explained one trader.

The biggest move was in the copper market, where the cash price fell £61.50 on the week to £1,257 a tonne as holders liquidated long positions. But the fall was heavily influenced by the dollar factor, which accounted for about £22 of the price movement.

Another firm LME market was zinc. A threatened strike at Peru's Centromin metals group and a world stocks reduction in July, reported by the European Zinc Institute, encouraged the rise, which left the cash position $51 up on the week at $1,415 a tonne. But the main factor was developing fourth quarter supply tightness, which was reflected in a further widening in the cash premium over three months metal from $29.25 to $38.50 a tonne.

A similar situation developing in the lead market resulted this week in a sharp narrowing in the cash discount against metals for delivery three months delivery. With the cash price rising £17.50 to £337.50 a tonne – in spite of the downward pressure of sterling's rise against the dollar – and the three months position falling slightly the cash discount shrank from £20.25 to £4 a tonne.

Cocoa prices continued on their downward path as the only bullish factor in a heavily oversupplied market – dry weather in west African growing areas – was weakened by reports of thunder storms in the Ivory Coast, the biggest producer. The December position at the London Futures and Options Exchange ended at £628 a tonne, down £13 on the week.

In contrast, coffee futures made modest extensions to last week's gains, with the November position closing yesterday at $760 a tonne, up $8 on the week. Dealers could offer no clear reason for the coffee market's recent steadiness beyond the fact that modest purchases by manufacturers had been roughly balancing light producer selling.

Potential sellers may have been discouraged by the prospect, however faint, of real progress being made on a new International Coffee Agreement with price-stabilisation clauses at the International Coffee Organisation meeting beginning in London on September 21.

Brazil, Colombia and Coast Rica presented a united front after three days of preparatory talks in Bogota this week. They insisted that "decisive progress" must be made at the September meeting and deplored the fact that producers were so far not showing willingness to share responsibility for ensuring that coffee import controls would be observed.

Richard Mooney

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. For further details call (071) 925 2128.

AUTHORISED UNIT TRUSTS

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd Uxbridge, Middx UB8 1RZ 0895 259783						
AIB Grofund American	5	108 0	109.2	114 9	-0 30	0 00
AIB Grofund Equity	5	161.4	163.3	172 8	-0.20	2 84
AIB Grofund Euro ◆	5	122.4	124 1xd	130 6	+0.20	1.19
AIB Grofund Gilt	3	68 33	68.36xd	70.48	-0 26	6 91
AIB Grofund Japan	5	101 5	102.7	108.1	+2 90	0 00
AXA Equity & Law Unit Tst Mngrs (1200)F						
Equity & Law Hse Corporation St, Coventry 0203 553231						
General Inc	5	324 6	327 0	347 9	-0 4	4 28
General Acc.	5	346.4	348 9	371.2	-0 6	4.28
UK Growth Acc	6	236 6	240.8	256 2	-0 9	4.48
UK Growth Inc	6	172.4	175 4	186 7	-0 7	4 48
Higher Inc Acc	6	399 5	407 3	433 4	-1 2	6.24
Higher Inc Inc	6	252 0	256 9	273.4	-0 8	6 24
Gilts/Fxd Int Acc	5½	149.3	150 0	157 9	-0 6	8 26
Gilts/Fxd Int Inc.	5½	83 29	83 68	88 09	-0 32	8.26
Nth America	6	165 6	169 2	180 0	+0 8	0 00
Far East	6	180 9	184 6	196 4	+6.8	0 80
Europe.	6	178.4	181 8	193.5	+2 2	0 90
Brit Excell	6	47 45	48 37	51.46	+0.37	4 26
Brit Fmouth Acc.	6	62 75	63.56	67 62	+0.56	6 88
Brit Fmouth Inc	6	51 06	51 71	55.02	+0 45	6 88
Global Opps	6	46 82	47.74	50 79	+0 75	0.52
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd Bournemouth 0345 717373						
High Income						
Gilts & Fixed Int	6	118.2	118 2	125.3	-0 5	8.26
High Inc Equity	6	109 7	112 5xd	119 6	-0 1	7 11
Worldwide Bond	6	211.2	211 2xd	223 8	-0.3	6 36
Capital Growth						
American Growth.	6	180.1	180 1	192.4	-	1 15
Asian Pacific	6	128.4	131 4	139 7	+1.6	1 11
Assets & Earnings	6	164.2	164 2	175 6	-0 2	3 83
Capital Reserve Acc	0	117 6	117 6	117 6	.	7.64
Capital Reserve Inc	0	86.95	86 95	86 95	.	7 64
Commdty & Energy	6	56.20	56.20	60 10	+0.27	1 25
1992 Enterprise	6	61.86	61 86	66.16	-0.42	3 14
Euro Capital Acc	6	84 13	84 13	89 97	+0.42	1.16
Euro Capital Inc	6	79 72	79 72	85.26	+0 41	1.17
General	6	147 6	147 6xd	157 8	-0 4	3 68
Japan	6	70 82	70 82	75.74	+2.52	-
Mastertrust	6	79 82	79 82	85.36	+0 42	2.67
UK Growth Acc	6	138 9	146.4	155 7	-0 1	3.54

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (◆) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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FT MANAGED FUNDS SERVICE

● Cur[illegible] [handwritten Arabic annotation] [illegible]line. For further details call (071) 925 2128.

Sovereign Unit Tst Mngrs Ltd (1000)F

Standard-Chartered Equitor (1200)F

Standard Life Tst Mngmt Ltd (0730)H

Stewart Ivory Unit Tst Mgrs Ltd (1200)H

Sun Alliance Unit Tst Mngmt Ltd (1200)F

Sun Life of Canada Unit Mgrs Ltd (1000)H

Sun Life Trust Mngmt Ltd (1200)H

Swiss Life Unit Tst Man Co Ltd (1200)F

TSB Unit Trusts (1200)H

T.U. Fund Managers Limited (1200)H

Target Trust Mngrs Ltd (1200)F

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1200)F

Three Counties Asset Mngmt Ltd (1430)F

United Charities Unit Trusts (1000)H

Waverley Unit Tst Mngmt Ltd (1000)F

Whittingdale Unit Tst Mngmt Ltd (0830)F

Woolwich Unit Trust Managers Ltd

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charinco/Charishares (1000)F

CAF(INVEST)-Charities Aid Foundation

COIF-Charities Official Inv Fds

Charity Fixed Int Fd/Charity Equity Fd

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Fledgeling Charity Portfolio

Robert Fleming Asset Mngmt Ltd

Foreign & Colonial Unit Management Ltd

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co. Ltd

Local Authorities Mutual Invest. Tst.

M & G Securities Ltd

Morgan Grenfell Investment Funds Ltd

Morgan Stanley International

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

Rothschild Asset Management

J. Rothschild Fund Managers Ltd

Scottish Equitable Trusts

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

INSURANCES

AXA Equity & Law Life Assce

Abbey Life Assurance Co Ltd

Albany Life Assurance Co Ltd

Albany Life Assurance Co Ltd – Contd.

Allied Dunbar Assurance Plc

American Life Insurance Co UK

Barclays Life Assur. Co Ltd

Black Horse Life Assurance

Britannia Life Assurance

Britannia Life Ltd

Canada Life Group

CCL Assurance Ltd

Acorn Life Assurance Ltd

AEGON Life Assurance Co (UK) Ltd

Cannon Assurance Ltd

Century Life Plc

Citibank Life

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union Group

Consolidated Life Assurance Co Ltd

Cornhill Insurance PLC

Crown Financial Management Ltd

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Eurolife Assurance Company Ltd

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insur Plc

Assicurazioni GENERALI SpA

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Lancashire & Yorkshire Assce Society

Lanchester Life plc

Legal & General

Liberty Life Assurance Co Ltd

Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Assurance

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity Assurance

Manulife Group

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Britannia Assce Co Ltd – Contd.

NEL Pensions Ltd

NM Life Assurance Ltd

N & P Life Assurance Ltd

National Mutual Life

National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Norwich Union Pensions Management Ltd

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. For further details call (071) 925 2128.

	Bid Price	Offer Price	+ or −	Yield Gross
Pearl Assurance (Unit Funds) Ltd				
Lynch Wood, Peterborough PE2 6FY 0733 470470				
Property Unit (Gross)	134.8	141.9	..	–
Property Acc (Gross)	256.8	270.3	..	–
Equity (Gross)	789.2	830.8	−1.9	–
Managed (Gross)	567.4	597.2	+0.3	–
Property Acc (Net)	122.8	129.3	+0.1	–
Equity (Net)	184.8	194.5	−0.4	–
Adventurous Managed	86.5	91.0	+0.7	–
Managed (Net)	175.6	184.8	+0.1	–
Cautious Managed	95.4	100.4	..	–
International (Net)	152.3	160.3	+1.3	–
Gilt & Fixed Interest	139.3	146.7	−0.3	–
Money Fund	141.3	148.8	+0.1	–
Mixed Fund (Cap)	110.3	116.2	–	–
Mixed Fund (Acc)	115.1	121.2	–	–
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	614.1	646.5	+0.9	–
Ret Man (Series 2)	208.3	219.3	+0.3	–
Ret Cash	200.1	210.6	..	–
Pens Mixed Fd (Cap)	121.4	127.8	..	–
Pens Mixed Fd (Acc)	126.6	133.3	..	–
Pens Stlg Fd (Cap)	104.5	110.0	..	–
Pens Stlg Fd (Acc)	109.0	114.8	..	–
Premium Life Assurance Co Ltd				
37-39, Perrymount Road, Haywards Heath 0444 458721				
American	118.0	125.0		–
Building Soc. Fd	225.0	237.0		–
Balanced	246.0	259.0	−1.0	–
European	197.0	208.0	..	–
GT Managed	170.0	179.0	+1.0	–
Gartmore Mngd	112.0	118.0	+1.0	–
German	123.0	130.0		–
Gilt	162.0	171.0	−1.0	–
Global	34.0	36.0	..	–
International Equity	176.0	186.0		–
Japan	144.0	152.0	+2.0	–
Leisure	47.0	50.0	..	–
Managed	38.0	40.0	..	–
Property	302.0	318.0	..	–
UK Equity	220.0	232.0	−1.0	–
Pension Funds				
American	231.0	244.0	..	–
Building Soc. Fd.	242.0	255.0	..	–
Balanced	207.0	218.0	−1.0	–
European	217.0	229.0	..	–
German	122.0	129.0		–
Gilt	156.0	165.0	−1.0	–
Global	33.0	35.0	..	–

	Bid Price	Offer Price	+ or −	Yield Gross
Prudential Corporate Pension Funds				
1 Stephen St. London W1P 2AP 071-548 3281				
Prudential Managed Funds				
Discretionary Aug 26	£170.02	175.42	–	–
Equity Aug 26	£193.21	199.83		–
International Aug 26	£23.89	24.55		–
Intl Bond Aug 26	£13.84	14.03	....	–
Fixed Int Aug 26	£104.50	105.69	.	–
Index Linked Aug 26	£74.09	75.03	.	–
Property Aug 26	£110.32	116.38	.	–
Cash Aug 26	£31.2677	31.2677	.	–
Pre-Linked Retirement Plan				
Managed Aug 25	404.4	421.3	.	–
Cash Aug 25	287.0	299.0	.	–
Prudential Pensions Investment Account				
Pens Mngd Sep 1	164.6	176.8	−0.2	–
Pens UK Eq Sep 1	284.8	307.0	−1.6	–
Pens Intl Sep 1	180.7	193.7	+1.9	–
Pens Global Eqty Sep 1	87.4	92.0	−3.5	–
Pens Fixed Sep 1	236.7	249.8	−1.0	–
Pens Index Lk Sep 1	187.8	198.3	−0.7	–
Pens Property Sep 1	89.9	94.7	−0.2	–
Pens Cash Sep 1	187.4	197.4	+0.1	–
Money Purchase Plan				
Discretionary Aug 27	92.0	98.7	+0.8	–
Equity Aug 27	94.9	102.0	+0.9	–
International Aug 27	78.6	84.0	+1.1	–
Global Equity Aug 27	89.8	96.4	+1.1	–
Intl Bond Aug 27	94.8	99.8	+0.5	–
Fixed Interest Aug 27	110.3	115.9	+0.1	–
Index Linked Aug 27	99.5	104.7	−0.5	–
Property Aug 27	99.6	109.2	−0.2	–
Cash Aug 27	106.8	112.1	..	–
Prudential Individual Life Funds				
1 Stephen St. London W1P 2AP 071-548 3287				
Series I Life Funds				
Managed	542.8	571.4	+0.1	–
Equity	1098.5	1156.4	−5.4	–
Fixed Interest	481.4	506.8	−2.2	–
Property	388.5	409.0	..	–
Cash	348.6	367.0	..	–
International	362.3	381.4	+4.9	–
Series II Life Funds				
Managed	524.8	552.5		–
Equity	1059.4	1115.2	−5.3	–
International	350.4	368.9	+4.7	–
Fixed Intl	462.6	487.0	−2.1	–
Property	373.5	393.2		–
Cash	335.5	353.2	+0.1	–

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

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FT MANAGED FUNDS SERVICE

● Current Unit ... further details call (071) 925 2128.

GUERNSEY

ISLE OF MAN (REGULATED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Aug 27	Aug 26	Aug 25	Aug 24	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3254 64	3246.81	3232.22	3228.17	3413.21 (1/6)	3172.41 (2/1)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	102.03	101.93	102.24	102.27	102.47 (18/8)	98.41 (20/3)	102.47 (18/8/92)	54.99 (1/10/81)
Transport	1211.40	1204.40	1216.47	1217.81	1467 68 (20/2)	1204.40 (26/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	218.14	218.39	217.76	218.52	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

DJ Indl. Day's High 3285.71 (3261 40) Low 3237.08 (3217.09) (Theoretical♦)
Day's High 3273.02 (3250 05) Low 3246.81 (3225.47) (Actual♦)

STANDARD AND POOR'S

	Aug 27	Aug 26	Aug 25	Aug 24	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	413 53	413.51	411.61	410.72	425 09 (3/8)	394.50 (8/4)	425.09 (3/8/92)	4.40 (1/6/32)
Industrials	485.97	486 00	483.51	482.29	499.51 (3/8)	470 91 (8/4)	499 51 (3/8/92)	3.62 (21/6/32)
Financial	35.04	34 80	34.58	34.65	36.66 (3/8)	32 40 (8/4)	36 66 (3/8/92)	8 64 (1/10/74)
NYSE Composite	227 73	227.48	226.47	226.34	233.66 (3/8)	217.92 (8/4)	233.66 (3/8/92)	4.46 (25/4/42)
Amex Mkt. Value	381.00	379.65	379.52	380.90	418 99 (12/2)	374.04 (26/6)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	563.27	558.80	554.22	555.39	644.92 (12/2)	547.84 (26/6)	644.92 (12/2/92)	54.87 (31/10/72)

	Aug 21	Aug 14	Aug 7	year ago (approx.)
Dow Industrial Div Yield	3.17	3.11	3 12	3 01

	Aug 26	Aug 19	Aug 12	year ago (approx.)
S & P Industrial div. yield	2.64	2.62	2.62	2.63
S & P Indl. P/E ratio	27 18	29.06	29 00	21.71

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
First Chic	3,596,900	32¼	+ ⅝
Gen Motors	3,016,300	33¾	- ⅛
Ph Morris	2,124,300	81¼	+ ⅝
RJ Nabisco	1,929,200	8⅝	+ ¼
HCA-Hosp	1,895,000	20	...
Telefonos	1,894,300	45⅝	+ ¼
Walt Disney	1,817,400	34⅞	+ ½
Nationsbk	1,616,600	44¼	+ 1⅛
Ford	1,482,500	40⅞	- ⅛
Home Depot	1,408,100	52¼	+ 1½

TRADING ACTIVITY

† Volume Millions	Aug 27	Aug 26	Aug 25
New York SE	175.549	171.840	201 620
Amex	12.510	9.591	10.235
NASDAQ	155.488	145.469	152.408
NYSE			
Issues Traded	2,317	2,304	2,325
Rises	1,069	1,002	736
Falls	677	715	989
Unchanged	571	587	600
New Highs	46	26	26
New Lows	21	29	62

CANADA

TORONTO	Aug 27	Aug 26	Aug 25	Aug 24	1992 HIGH	1992 LOW
Metals & Minerals	2969 71	2951.96	2952 24	2946 04	3238.87 (16/1)	2828.26 (8/4)
Composite	3392 60	3383.00	3375.82	3380 79	3666 00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1776 41	1773.34	1769.70	1772.92	1937.59 (16/1)	1727 04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

	Aug 28	Aug 27	Aug 26	Aug 25	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1553.9	1543 3	1534 4	1517 4	1684.50 (22/5)	1517.40 (25/8)
All Mining (1/1/80)	682.6	673 7	664 9	658 9	726.80 (3/7)	658.90 (25/8)
AUSTRIA						
Credit Aktien (30/12/84)	300 13	301.27	298 49	298.18	458.57 (24/2)	291.41 (13/8)
Traded Index (2/1/91)	717.36	716.62	705.71	702.97	1099.43 (24/2)	682.96 (13/8)
BELGIUM						
BEL20 (1/1/91)	1062.13	1059.04	1056.47	1068.42	1235.40 (2/6)	1056.47 (26/8)
DENMARK						
Copenhagen SE (3/1/83)	279.72	280 03	279 21	280.57	365 29 (15/1)	279.21 (26/8)
FINLAND						
HEX General (28/12/90)	571 8	567.7	559.3	579 8	935 90 (24/2)	559.30 (26/8)
FRANCE						
CAC General (31/12/82)	466 51	464 95	464.90	469.58	555.93 (12/5)	464 90 (26/8)
CAC 40 (31/12/87)	1687.53	1687.56	1667.80	1667 72	2077 49 (11/5)	1667 72 (25/8)
GERMANY						
FAZ Aktien (31/12/58)	593 85	596.22	582.34	583 01	725 26 (26/5)	582.34 (26/8)
Commerzbank (1/12/53)	1676.40	1684 70	1642.70	1643 90	2043 80 (25/5)	1642.70 (26/8)
DAX (30/12/87)	1516.47	1513 42	1473 28	1468 91	1811.57 (25/5)	1468 91 (25/8)
HONG KONG						
Hang Seng Bank (31/7/64)	5628.60	5460.72	5478 81	5291.49	6162.53 (16/7)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1219.65	1214 62	1208.18	1216 01	1469.57 (17/1)	1208.18 (26/8)
ITALY						
Banca Com. Ital. (1972)	393 60	393.29	394 10	394.93	551.59 (4/2)	393.29 (27/8)
MIB General (2/1/92)	772.0	771.0	773 0	774.0	1086 00 (5/2)	771.00 (27/8)
JAPAN						
Nikkei (16/5/49)	17970 0	17556.00	16541.65	16380.77	23801.18 (6/1)	14309 41 (18/8)
Tokyo SE (Topix) (4/1/68)	1379.97	1340.45	1277.38	1276.84	1763 43 (6/1)	1102.50 (18/8)
2nd Section (4/1/68)	1760.38	1710.22	1674.26	1664 19	2459 85 (6/1)	1502.77 (19/8)
MALAYSIA						
KLSE Composite (4/4/86)	574 73	567.56	559.51	569.18	619 06 (20/2)	546 63 (14/1)
NETHERLANDS						
CBS TU Rtn.Gen.(End 1983)	282.3	283 8	279.8	277.7	314 90 (9/6)	274 00 (8/1)
CBS All Shr (End 1983)	192.8	193 8	191.1	189.7	215.50 (26/5)	189.70 (25/8)
NORWAY						
Oslo SE (Ind) (2/1/83)	596.49	599 66	547 71	532.43	772 74 (18/5)	532.43 (25/8)
PHILIPPINES						
Manila Comp (2/1/85)	1386.77	1426 31	1454 49	1440 45	1580.95 (11/6)	1083 01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	365 57	365 97	367 74	360 25	416.99 (21/1)	354 15 (19/8)
SOUTH AFRICA						
JSE Gold (28/9/78)	935 04	933 0	929 0	929 0	1327.00 (21/1)	929.00 (25/8)
JSE Industrial (28/9/78)	4054.04	4058 0	4025 0	4033.0	4689 00 (9/6)	3973 00 (14/8)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	518.56	520.61	513.87	494 50	691 48 (8/3)	459.07 (21/8)
SPAIN						
Madrid SE (30/12/85)	205 61	205 46	203 76	205 66	266.51 (28/2)	203 76 (26/8)
SWEDEN						
Affarsvariden Gen. (1/2/37)	780.00	786 90	751 30	732.30	1014 50 (11/5)	732.30 (25/8)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	817.5	816 4	801.6	803 3	883 40 (11/5)	748.50 (8/1)
SBC General (1/4/87)	609 1	607.2	596 4	598 8	682.30 (11/5)	596.40 (26/8)
TAIWAN**						
Weighted Price (30/6/66)	3852.45	3800 97	3793 03	3816.38	5391 63 (30/1)	3733.06 (20/8)
THAILAND						
Bangk SET (30/4/75)	753.26	749 04	752.85	754.48	832.39 (7/4)	667 84 (19/5)
WORLD						
M.S. Capital Intl (1/1/70) ($)	506.1*	500 3	493 7	491.8	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	810 03	810.73	795 63	793 32	976.55 (25/5)	793 32 (25/8)

**Saturday August 22: Taiwan Weighted Price 3822.81 Korea Comp Ex 471.61
*Calculated at 15.00 GMT
♦ Subject to official recalculation
Base values of all indices are 100 except, Austria Traded, BEL20, HEX Gen, MIB Gen, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 20 Industrials – 264 3 and Australia All Ordinary and Mining – 500; (c) Closed (u) Unavailable.

AMERICA

Dow rises in light trading at midsession

Wall Street

US share prices moved in a narrow, but slightly firmer range in light trading yesterday morning as the latest economic figures and lower bond prices had little impact on investors, *writes Patrick Harverson in New York.*

Soon after midday the Dow Jones Industrial Average was up 9.46 at 3,264.10, having spent all morning hovering a few points above Thursday's close.

The more broadly based Standard & Poor's 500 was also a touch firmer, up 1.02 at 414.55, while the Amex composite was 0.12 lower at 380.88 and the Nasdaq composite 0.14 higher at 563.41. Turnover on the NYSE was only 69m shares by midday, and rises outpaced declines by 780 to 668.

The day's economic news had little impact on market sentiment. Government officials reported that personal income rose 0.2 per cent while personal spending was up by 0.3 per cent in July. The figures were in line with expectations, and illustrated the sluggish nature of the economic recovery.

Investors also shrugged off a modest drop in bond prices, which was prompted by slight weakness in the dollar. Overall, stock market sentiment was flat, and with many participants taking off early for the weekend, trading activity was light.

Among individual stocks, Dow Chemical jumped $1¼ to $55¾ after the company was named "Long-View Number One Stock of the Week" by the broking house Merrill Lynch, which set a 12-month to 18-month price target of $85 for the stock.

General Motors fell $¼ to $33¼ after the company announced that it is seeking a buyer for its worldwide bearing business which is spread over three sites in the US and Spain and which employs about 3,000 workers.

GM stock was also suffering a reaction to recent gains on hopes of better car sales. Among other car stocks, Ford lost $¼ at $40¼, and Chrysler was $¼ lower at $19¾.

RJR Nabisco eased $⅛ to $8½ after Ms Diana Temple, sector analyst at Salomon Brothers, reduced her 1992 earnings estimate for RJR from 62 cents a share to 57 cents a share, and for 1993 from $1 a share to 80 cents a share. Ms Temple is the third analyst in the last two weeks to lower earnings estimates for RJR.

Hopes that Hurricane Andrew will prompt a turn in the depressed insurance pricing cycle lifted insurance broking stocks, among them Marsh & Mclennan, up $3 at $82¾.

Canada

TORONTO stocks were higher at midday, as the TSE 300 Composite index added 7.91 to 3,400.51.

Among the sub-indices, financial services rose 14.16 to 2,767.52, metals and minerals put on 11.39 to 2,981.10, oil and gas rose 4.64 to 3,345.58 while industrial products fell 0.31 to 1,841.42.

Volume was slightly lower at 10.4m shares.

Among the most active stocks, Toronto-Dominion Bank added C$⅛ to C$18¾ while Nova Corp and Potash Corp were both steady at C$8½ and C$36¼. Canadian Imperial Bank rose C$⅛ to C$29¾ and Suncor was also C$⅛ higher at C$10¼.

SOUTH AFRICA

JOHANNESBURG ended mixed in cautious, pre-weekend trading. The overall index rose 2 to 3,135, but down 1.3 per cent on the week. Industrials fell 4 to 4,058 while the gold index rose 2 to 935.

Referendum keeps Paris bourse on its toes

Stockbrokers would rather not predict the trend between now and September 20, says **Alice Rawsthorn**

Only a few weeks ago when Paris stockbrokers were winding down for the start of the long French holidays, they were talking in terms of a sleepy summer on the stock market with the CAC-40 index hovering around 2,000 before rallying after the autumn *rentrée*.

Instead, the summer has been anything but sleepy. The Paris stock market has been hit by a series of shocks ranging from the prospect of a "No" vote in next month's Maastricht referendum, to this week's turmoil on the currency markets and the threat of another war against Iraq.

The CAC-40 index has slid during the summer. Last Monday, it fell to a new low for the year by breaking below 1,700 to close at 1,689.71. The index fell to 1,667.72 on Tuesday, when news broke of the first opinion poll showing that a majority of the French would vote against ratifying the Maastricht treaty in the September 20 referendum. The index has also been weighed down by the decline in the dollar.

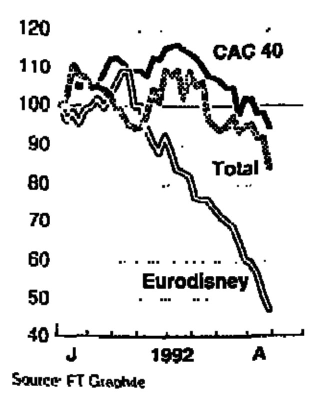
The stock market stabilised on Wednesday and rallied on Thursday when Mr Michel Sapin, the finance minister, ruled out a realignment of the Exchange Rate Mechanism (ERM). The CAC-40 index ended the week 3.2 per cent lower at 1,687.53.

"We've seen a very slippery slide this summer," says Mr Simon Hopkins, a broker with James Capel in Paris. "For the next few weeks the stock market will continue to be dominated by the referendum and the value of the dollar. It's very difficult to predict what will happen between now and September 20."

The consensus among analysts is that, if the referendum result is "Yes", the bourse will almost certainly rally. James Capel estimates that the CAC-40 index could rise as high as 1,850, providing there is no bad news on currencies or interest rates. If the result is "No", the fate of the French market, and other European markets, would, as one Paris analyst puts it, "be too ghastly to contemplate".

In the meantime, the CAC-40 index will fluctuate with the

Share prices & Index rebased



Source: FT Graphite

polls, although there is some evidence that it is becoming more resilient to them. The market fell sharply on Tuesday when the first poll showing a majority for the anti-Maastricht lobby was released. But news on Wednesday of a second poll indicating a negative outcome had little impact.

The other main influence will be exchange rates. Mr Sapin was emphatic on Thursday that France would resist an ERM realignment and that it was sticking to its *franc fort* policy. If the franc did move, said Mr Sapin, it would be up, not down.

In the past the French government has raised interest rates to support the franc, as it did last autumn after attempting unsuccessfully to hold French rates below those of Germany. It would be reluctant to raise interest rates again, given that the high cost of borrowing – with bank base rates of 9.85 per cent and an annual inflation rate of 3 per cent – is one of the main causes of sluggish corporate and consumer expenditure.

Most analysts suspect that, barring a negative referendum result, France ought to be able to avoid a realignment or a rise in interest rates. "It really is too soon to start talking in crisis terms," says Mr Bernard Godement, economist at the Nomura Research Institute in Paris. "At the moment we don't envisage any major changes for the franc or for interest rates."

If Mr Godement is right, and France can avoid realignment, the dollar's decline could still indirectly affect the economy by putting pressure on French exports which have been compensating for the dull domestic market. This could pose problems for some sectors, notably drinks, cosmetics and luxury goods, which have already been hit by the slowdown in the Japanese market.

Mr Sapin said on Thursday that France was still on course to surpass its original growth target of 2 per cent this year. But the threat of a fall in exports, combined with the lacklustre series of first-half figures released by French companies in recent weeks, has contributed to the gloomy mood of the market.

A number of France's biggest industrial groups – Lafarge Coppée and Bouygues in construction, Peugeot in cars, Thomson-CSF in electronics and L'Air Liquide in gases – have announced flat or falling sales in real terms for the first half.

Some companies' shares have been hit hard. Euro Disney has plunged over the summer on speculation about low attendance figures and continuing losses at its theme park outside Paris. Total has also fallen, as brokers downgraded their profit forecasts for the oil group.

However, the French economy is still sound on fundamentals, in "excellent shape", as a recent report from the Morgan Grenfell economics team in London concluded. It is already fulfilling "all conditions to take part in European Monetary Union, while most other EC countries would be more than happy to meet these conditions by 1996".

Without the referendum most analysts had expected the underlying strength of France's economy – and its slow, if steady recovery – to boost the stock market this autumn. Instead, the course of the CAC-40 index over the next month or so will be dictated by politics rather than economics.

After the referendum, or so they hope, the economic agenda will be in the ascendant for the few months before politics resurface ahead of next spring's National Assembly elections.

EUROPE

Continent ends mostly steady after volatile week

BOURSES closed mostly steady after a volatile week, *writes Our Markets Staff.*

FRANKFURT managed to erase early losses by the close but trading remained nervous with some analysts noting that the market seemed to be testing the 1,500 support level on the DAX.

After a fall of 15 points in the DAX during the first 30 minutes of trading, some confidence returned and the blue-chip index closed the day 3.05 higher at 1,515.47, barely changed on the week. The FAZ index was 2.37 lower at 593.85 by midsession. Turnover fell to DM4.7bn from DM5.7bn.

Early activity focused on BASF as Thursday's interim results were subjected to closer scrutiny. Worries that the chemical group may have to cut its dividend prompted heavy selling, and the shares closed down DM2.90 or 1.3 per cent at DM208.50, but off an intraday year's low of DM201.20.

Other chemical stocks were better off, with Bayer up DM1 at DM265.80 and Hoechst 60 pfg better at DM238.50.

Elsewhere, Asko leapt DM24 or 3.7 per cent to DM660 although there was no news to prompt the rise while Daimler gained DM3.20 to DM614, still buoyed up by its interim results earlier in the week.

MILAN retained some of its early gains by the end of the session. The Comit index rose 0.31 to 393.60, down 3.1 per cent on the week, in turnover estimated at less than Thursday's L49bn.

But then renewed rumours about Mediobanca's honorary chairman Mr Enrico Cuccia pulled Mediobanca's shares down by L95 to L10,535, unsettling the market.

Italcementi and its holding company Italmobiliare were out of favour after a newspaper report suggested that Italcementi may have to pay more for Ciments Français because the latter's rights issue had been heavily under-subscribed. Italcementi fell L250 to L9,250, while Italmobiliare lost L800 to L38,600.

AMSTERDAM remained quiet ahead of the weekend with the CBS Tendency index unchanged at 110.1, but 1.2 per cent lower on the week.

One of the highlights of the day was a 10 per cent rise in shares of Internatio Müller, advancing Fl 6 to Fl 61.50 on good interim results released after the close on Thursday.

DAF weakened as speculation that Daimler-Benz might be interested taking a stake in the group waned. Its shares closed down Fl 1.20 or 6.4 per cent at Fl 17.60.

VNU was another gainer, up Fl 3.30 to Fl 76.80 as its first half earnings improved over 5.6 per cent while Aegon's interim figures helped its shares to put on 40 cents to Fl 61.80.

ZURICH advanced moderately with the SMI index up 5.1 to 1,745.7 but down 1.27 per cent on the week.

Among active issues Brown Boveri bearers were up SFr90 to SFr3,650 and Nestlé bearers gained SFr70 to SFr9,100.

Banks and insurers were mixed with UBS bearers up SFr5 at SFr680 and Zurich Insurance bearers SFr55 firmer at SFr1,820. Adia bearers rose SFr16 to SFr203 after the employment group reported better half-year figures.

BRUSSELS improved although Petrofina again went against the trend, falling BFr120 to BFr8,640 on fears that it may have to cut its dividend following a sharp fall in earnings. The Bel-20 index advanced 3.09 to 1,062.13, but was 4.6 per cent lower on the week. Banks were generaly stronger, with Générale de Banque up BFr110 at BFr6,560.

STOCKHOLM declined in moderate trading after two days of strong gains. The Affärsvärlden General Index fell 6.9 to 780.0, steady on the week, as turnover slipped to SKr532m from SKr815m.

HELSINKI closed higher as investors continued to buy shares after the heavy losses earlier in the week. The HEX index closed 0.72 per cent up at 571.8, down 6.3 per cent on the week.

OSLO dipped in nervous trading after Thursday's gains. The all-share index fell 2.44 to 333.0, but was 2.7 per cent higher on the week, in turnover of NKr997m. MADRID's general index closed down 0.15 at 205.61 for a fall of 2.2 per cent on the week.

FT-SE Eurotrack 100 - Aug 28

Hourly changes

Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close
1007.64	1007.42	1008.06	1010.79	1012.39	1013.68	1012.47	1013.54

Day's High 1014.20 | Day's Low 1007.02

Aug 27	Aug 26	Aug 25	Aug 24	Aug 21
1017.14	997.98	993.01	1010.52	1039.54

Base value 1000 (26/10/90)

ASIA PACIFIC

Nikkei rises on economic package

Tokyo

THE Nikkei average gained 2.4 per cent, rising briefly above the 18,000 level, in anticipation of the government's economic stimulus package, *writes Emiko Terazono in Tokyo.*

The 225-issue average closed up 415.79 at 17,970.79, a rise of 9.7 per cent on the week. In the morning session, the resignation of Mr Shin Kanemaru, vice-president of the ruling Liberal Democratic Party pushed the Nikkei to the day's low of 17,241.77. However, reports that the LDP would propose a economic stimulus package of over Y10,000bn, boosted buying, and the index hit the day's high of 18,168.81.

Volume surged from 620m to 850m shares, the highest level since September 1991, with most of the activity coming after the LDP's proposals were unveiled.

Gainers outnumbered losers by 977 to 98, with 49 issues remaining unchanged. The Topix index of all first section stocks rose 39.52 to 1,379.97 and in London, the ISE/Nikkei 50 index fell 14.49 to 1,104.23.

Investors were also encouraged by reports that the government's economic support measures would include expanding the amount of investment permitted in the stock market. Hopes that new money totalling some Y1,000bn could be used for equity investments added to the positive sentiment.

Dealers traded heavily in speculative, theme-related stocks. Green Cross, the most active issue of the day, surged Y190 to Y1,580, and Ube Industries added Y2 to Y445.

Real estate companies were also firm with Mitsui Fudosan up Y60 to Y1,110 and Mitsubishi Estate gaining Y30 to Y1,030.

Brokers were strong on hopes that the recent rise in activity would help an earnings recovery. Nomura Securities advanced Y60 to Y1,550 and Daiwa Securities gained Y77 to Y932.

Some blue chips which had risen on short-covering and bargain-hunting, lost ground, with Sony falling Y90 to Y4,200 and Nippon Telegraph and Telephone down Y2,000 to Y626,000.

In Osaka, the OSE average gained 683.71 to 19,829.05 in volume of 39.3m shares.

Roundup

MANILA's negative performance stood out in an otherwise strong region yesterday.

HONG KONG finished sharply higher on a technical rebound which sent the Hang Seng Index up 167.88 or 3.1 per cent to 5,628.60, for a rise of 2.2 per cent on the week. Turnover rose to HK$2.72bn from HK$2.36bn.

Rumours that Hongkong Macau (Holdings) would sell Nine Queen's Road Central, a luxury retail block, lifted the share by 50 cents to HK$11.50.

TAIWAN reversed early falls to close higher on bargain-hunting, triggered partly by an unexpected rise in China Steel. The weighted index ended 51.48 or 1.4 per cent higher at the day's high of 3,852.45, down 0.4 per cent on the week. Turnover was thin at T$18.63bn after T$19.38bn.

China Steel closed limit up at T$17.70 on active buying: August 29 is the first date on which foreigners can redeem the company's GDRs.

AUSTRALIA was helped by a strong performance from News Corp which put on 90 cents to A$23.90. The All Ordinaries index gained 10.6 to 1553.9, in turnover of A$324m, but was marginally lower on the week.

MANILA's fall continued on worries over the strength of the local currency against the dollar. The composite index shed 39.54 to 1,386.77, giving a drop of almost 6 per cent on the week. Combined turnover fell to 275m from 370m. Among actives, PNB fell 2.50 pesos to 270 pesos.

NEW ZEALAND's NZSE-40 index advanced 2.22 to 1,480.56, steady on the week. Carter Holt Harvey rose 5 cents to NZ$2.60 on news that a government-backed joint venture of Maori interests would bid for CHH's fishing business. Fletcher Challenge lost 8 cents to NZ$2.36.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY AUGUST 27 1992								WEDNESDAY AUGUST 26 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	130.28	+0.7	97.65	102.82	95.54	120.88	+0.6	4.53	129.36	96.52	102.13	94.59	120.19	153.88	126.79	148.31
Austria (19)	150.15	+0.3	112.55	118.50	110.11	110.46	+1.0	2.64	149.76	111.74	118.24	109.51	109.40	186.70	139.27	175.30
Belgium (42)	143.42	-0.6	107.50	113.18	105.17	102.92	-0.4	5.98	144.22	107.61	113.88	105.46	103.32	152.27	135.87	127.87
Canada (114)	125.90	+0.1	94.37	99.35	92.32	108.90	+0.3	3.19	125.80	93.87	99.32	91.99	108.54	142.12	124.32	140.07
Denmark (35)	226.15	+1.8	169.51	178.48	165.84	167.71	+2.0	1.82	222.22	165.81	175.45	162.50	164.49	273.94	222.22	252.54
Finland (15)	59.93	-0.1	44.92	47.30	43.95	49.07	+0.7	2.88	60.00	44.77	47.37	43.87	48.75	89.80	59.93	97.04
France (102)	156.70	+0.9	117.45	123.66	114.90	118.18	+1.1	3.80	155.37	115.93	122.66	113.60	116.86	168.75	148.06	136.51
Germany (64)	117.03	+2.3	87.72	92.37	85.81	85.81	+2.6	2.67	114.42	85.38	90.35	83.67	83.67	129.69	114.42	109.06
Hong Kong (53)	224.26	-0.7	168.09	176.98	164.46	222.57	-0.7	3.76	225.89	168.54	178.34	165.18	224.15	259.55	176.36	164.90
Ireland (16)	157.34	+0.1	117.93	124.17	115.38	118.53	+0.3	4.46	157.26	117.34	124.16	114.99	118.12	173.71	151.78	155.54
Italy (78)	63.57	-0.5	47.65	50.17	46.62	51.18	-0.1	4.05	63.86	47.65	50.42	46.70	51.22	80.86	61.30	71.46
Japan (473)	107.66	+5.1	80.70	84.96	78.96	84.96	+5.1	1.00	102.39	76.40	80.84	74.88	80.84	140.95	87.27	123.03
Malaysia (69)	233.24	+1.7	174.82	184.06	171.03	223.85	+1.7	2.82	229.43	171.18	181.13	167.76	220.15	250.47	212.49	203.04
Mexico (18)	1301.83	+3.3	975.78	1027.40	954.66	4378.25	+3.2	1.37	1260.03	940.16	994.81	921.38	4244.19	1769.77	1259.94	1223.71
Netherland (25)	167.19	+1.2	125.31	131.94	122.60	121.33	+1.4	4.62	165.27	123.31	130.48	120.85	119.59	167.29	147.88	137.03
New Zealand (14)	42.77	+1.6	32.06	33.75	31.36	41.93	+1.6	5.42	42.11	31.42	33.25	30.80	41.29	48.52	41.90	46.48
Norway (23)	156.05	+11.3	116.97	123.16	114.44	118.08	+11.4	2.14	140.26	104.66	110.74	102.57	105.99	192.95	136.40	202.88
Singapore (38)	190.39	-1.0	142.71	150.26	139.62	140.34	-1.0	2.38	192.25	143.44	151.78	140.58	141.70	229.63	180.71	190.96
South Africa (61)	188.89	+1.5	141.58	149.07	138.51	154.07	+0.5	3.29	186.01	138.79	146.86	136.02	153.28	263.60	186.01	241.13
Spain (49)	136.94	+0.7	102.65	108.08	100.42	95.14	+0.9	6.17	135.95	101.44	107.34	99.41	94.24	161.72	133.79	149.97
Sweden (30)	185.13	+4.8	138.76	146.11	135.76	141.35	+5.1	2.91	176.67	131.82	139.48	129.19	134.43	200.28	171.48	192.33
Switzerland (62)	112.04	+1.4	83.98	88.43	82.17	87.80	+1.9	2.44	110.44	82.41	87.20	80.77	86.20	113.88	95.99	93.12
United Kingdom (226)	180.65	+0.6	135.40	142.55	132.46	135.40	+1.1	5.43	179.50	133.93	141.70	131.24	133.93	200.07	165.85	177.76
USA (522)	168.52	+0.1	126.31	133.00	123.58	168.52	+0.1	2.99	168.40	125.65	132.96	123.14	168.40	173.10	160.92	161.00
Europe (788)	146.08	+1.1	109.49	115.29	107.13	108.92	+1.4	4.38	144.56	107.86	114.13	105.71	107.39	156.88	139.31	139.18
Nordic (103)	168.91	+4.2	126.61	133.31	123.87	122.90	+4.5	2.49	162.10	120.95	127.98	118.53	117.61	188.52	159.53	187.40
Pacific Basin (715)	112.00	+4.5	83.95	88.40	82.14	89.96	+4.4	1.36	107.19	79.98	84.63	78.38	86.13	141.97	93.70	124.78
Euro - Pacific (1503)	125.79	+2.8	94.28	99.26	92.24	97.70	+3.0	2.78	122.30	91.26	96.55	89.43	94.85	145.21	113.80	130.81
North America (636)	165.85	+0.1	124.31	130.90	121.64	164.45	+0.1	3.00	165.73	123.66	130.86	121.21	164.32	170.31	158.70	159.63
Europe Ex. UK (560)	125.06	+1.4	93.74	98.72	91.73	93.66	+1.7	3.63	123.39	92.07	97.44	90.25	92.14	132.98	121.81	116.37
Pacific Ex. Japan (242)	154.63	+0.2	115.90	122.05	113.40	139.77	+0.1	3.87	154.35	115.17	121.88	112.88	139.57	175.31	149.00	142.17
World Ex. US (1696)	127.16	+2.7	95.31	100.36	93.25	99.74	+2.9	2.79	123.77	92.35	97.73	90.51	96.95	146.91	116.18	132.95
World Ex. UK (1990)	136.31	+1.8	102.17	107.58	99.97	119.40	+1.8	2.55	133.94	99.94	105.75	97.95	117.29	150.58	127.21	137.95
World Ex. So. Af. (2157)	139.89	+1.6	104.85	110.41	102.59	120.51	+1.7	2.87	137.62	102.69	108.67	100.64	118.48	153.05	130.04	140.76
World Ex. Japan (1745)	158.63	+0.5	118.90	125.20	116.35	141.45	+0.6	3.53	157.89	117.81	124.67	115.48	140.62	165.40	153.20	152.50
The World Index (2218)	140.15	+1.6	105.04	110.61	102.78	120.84	+1.7	2.87	137.88	102.88	108.86	100.83	118.79	153.70	130.66	141.41

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int	Yield Red
"Shorts" (Lives up to Five Years)							
13½pc 1992		100 3/32xd	—	102⅛	100 3/32	13.46	-
Treas 8¼pc 1993		99⅛	—	99⅜	97 13/16	8.32	10.18
10pc 1993‡‡		99⅞	—	100½	99 11/32	10.03	10.44
12½pc 1993‡‡		101¾	—	103 11/32	101¾	12.29	10.33
Funding 6pc 1993‡‡		96⅝xd	—	97 13/16	95 5/32	6.19	9.23
Treas 13¾pc 1993‡‡		103 27/32	—	106 23/32	103 25/32	13.23	10.25
8½pc 1994		98	—	99 1/32	96¾	8.67	10.03
14½pc 1994‡‡		105 23/32	-1/32	109⅛	105 21/32	13.72	10.30
Exch 13½pc 1994		104 23/32	-1/32	107 23/32	104 23/32	12.89	10.28
Treas 10pc Ln 1994‡‡		99¾	—	101⅝	98 13/16	10.03	10.12
Exch 12½pc 1994		104 1/32	-1/32	106 3/32	103 13/16	12.02	10.19
Treas 9pc 1994‡‡		98 1/32	-1/32	99 13/16	96⅝	9.17	9.97
12pc 1995		103 23/32	-3/32	106 13/16	103 3/32	11.56	10.12
Exch 3pc Gas 90-95		90 13/16	-⅛	94 13/16	88⅛	3.30	6.44
10¼pc 1995		100 13/16	-3/32	103⅛	99 3/32	10.20	10.05
Treas 12¾pc 1995‡‡		107 3/32	-⅛	110 13/16	106⅝	11.88	10.01
14pc 1996		110⅝	-3/32	114 3/32	110 5/32	12.66	10.19
9pc 1992-96‡‡		98 5/32xd	-3/32	100 3/32	96 5/32	9.16	9.68
15¼pc 1996‡‡		115 1/32	-⅛	119 3/32	114 13/16	13.25	10.18
Exch 13¼pc 1996‡‡		109⅛	-3/32	112⅞	108½	12.14	10.18
Conversion 10pc 1996		100 3/32	-3/32	103⅛	98 23/32	10.00	9.94
Treas 13¼pc 1997‡‡		110⅞	-3/32	114 11/16	110 3/32	11.95	10.08
Exch 10½pc 1997		102 5/16	-3/32	105 13/16	100 23/32	10.29	9.88
Five to Fifteen Years							
Treas 8¾pc 1997‡‡		95 23/32	-1/32	99 1/16	94	9.13	9.81
Exch 15pc 1997		118 13/16	-1/16	123 13/16	118 3/32	12.61	10.17
9¾pc 1998		99 1/16	-1/32	103 3/32	97 13/16	9.81	9.87
Treas 6¾pc 1995-98‡‡		89¼	-1/16	93 3/32	86 11/16	7.56	9.20
15½pc '98‡‡		123 23/32xd	-⅛	129 3/32	123 1/32	12.61	10.10
Exch 12pc 1998		108⅞	-1/32	113⅛	107 11/16	11.02	10.01
Treas 9½pc 1999‡‡		99	-1/32	103⅜	97 1/32	9.59	9.67
Exch 12¼pc 1999		110 13/16xd	-3/32	115 1/16	109½	11.08	10.01

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Treas 10½pc 1999		103 1/32	-1/32	107 13/16	101 13/16	10.19	9.85
Conversion 10¼pc 1999		102	-⅛	106 13/16	100 11/16	10.05	9.83
9pc 2000‡‡		96 13/16xd	-1/16	100 11/16	94⅝	9.32	9.64
Treas 13pc 2000		115 13/16	-1/32	121⅛	114 13/16	11.28	10.05
10pc 2001		101 13/16	-¼	105¼	99 11/16	9.84	9.70
14pc '98-01		115 13/16	-1/16	121	115 11/16	12.09	10.20
9¾pc 2002		100 31/32	-1/16	105⅜	98⅞	9.69	9.63
10pc 2003		102 13/16xd	-1/16	107 3/16	100 1/16	9.75	9.61
Treas 11½pc 2001-04		108 13/16xd	-1/16	113 13/16	107 1/16	10.59	9.93
Funding 3½pc '99-04		65 1/32	-1/32	68 13/16	59½	5.37	8.15
Conversion 9½pc 2004		99⅝	-3/32	104 13/16	96 13/16	9.54	9.54
9½pc 2005		99 13/16	-3/32	104 23/32	96 13/16	9.52	9.51
Treas 12½pc 2003-05		117 13/16	-1/16	124⅝	116 3/16	10.63	9.86
8pc 2002-06‡‡		88⅝	-1/16	93	85½	9.03	9.46
Treas 11¾pc 2003-07		112 3/32	-1/32	118 13/16	110 23/32	10.46	9.82
Treas 8½pc 2007‡‡		92 13/16	-1/16	97 1/16	89 13/16	9.14	9.38
13½pc '04-08		124 13/16xd	-1/32	132 1/16	123 13/16	10.81	9.86
Over Fifteen Years							
9pc 2008‡‡		97 1/32	-1/16	101 11/16	93 23/32	9.26	9.34
8pc 2009		89¼xd	-1/32	93 11/16	85 1/16	9.01	9.34
Conv 9pc Ln 2011‡‡		97 13/16	-1/32	102 13/16	93 11/16	9.23	9.30
Treas 9pc 2012		97⅝	-1/32	102 3/16	93 11/16	9.22	9.27
9pc 2012 A		97 13/16	-1/32	100⅛	97⅝	9.22	9.27
Treas 5½pc 2008-12‡‡		67 11/16xd	-1/16	70 13/16	62⅞	8.17	9.08
7¾pc 2012-15‡‡		86 1/32	-1/32	90 13/16	81 13/16	9.00	9.25
Exch 12pc '13-'17		124 1/16	-1/32	130 13/16	120⅛	9.66	9.37
Treas 8¾pc 2017		95 13/16	-⅛	101	95 1/16	8.94	9.20
8¾pc 2017 A ‡‡●E		35 13/16	-1/32	40	35 1/16	9.15	9.21
Undated							
Consols 4pc		42 1/16	-¼	44⅛	39⅞	9.48	—
War Loan 3½pc‡‡		37 13/16	-3/32	39⅝	35 3/16	9.31	—
Conv 3½pc '61 Aft		60¾xd	-1/16	62⅞	59	5.76	—
Treas 3pc '66 Aft		31⅝	-1/32	32⅝	29 11/16	9.49	—
Consols 2½pc		26 13/16	-1/32	27 13/16	24 13/16	9.37	—
Treas 2½pc		26 13/16xd	-1/32	27¼	24 11/16	9.37	—

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Index – Linked	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	125 13/16	-1/16	127⅜	122⅜	3.04	4.56
2pc '96	(67.9)	179½xd	-1/16	184¼	176⅜	4.03	4.68
2½pc '01	(78.3)	141 13/16xd	-1/16	148 13/16	141 13/16	4.82	4.98
2½pc '03	(78.8)	137 1/16	-1/16	144 13/16	137 1/16	4.85	4.93
2pc '06	(69.5)	138⅞	-¼	147 1/16	138 13/16	4.83	4.85
2½pc '09	(78.8)	126⅜	-¼	134¼	126 1/16	4.69	4.80
2½pc '11	(74.6)	130 1/16	-¼	138 11/16	129¼	4.56	4.74
2½pc '13	(89.2)	107 3/16	-1/16	114 3/16	106 3/16	4.63	4.70
2½pc '16	(81.6)	114 1/16	-¼	121⅞	112⅞	4.49	4.64
2½pc '20	(83.0)	109⅞	-¼	117⅛	107 13/16	4.44	4.59
2½pc '24‡‡	(97.7)	90 13/16	-¼	97 1/16	88⅞	4.42	4.55
4⅛pc '30‡‡	(135.1)	92⅝	-1/16	99¼	92 11/16	4.39	4.53

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5% (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for January 1992: 135.6 and for July 1992: 138.8.

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int	Yield Red.
African Dev 11⅛ 2010		110 11/16	-1/32	116 13/16	105⅞	10.09	9.85
Asian Dev 10¼pc 2009		104 13/16	+⅛	109 13/16	100 3/16	9.80	9.69
B'ham 11½pc 2012		108½	—	113½	102¾	10.60	10.48
Ireland Cap 8½pc '10		90	—	99¼	88⅜	9.44	-
9pc Cap 1996		93	+¼	99¾	90	9.68	-
13pc '97-02		106¼	—	116½	103⅞	12.24	-
Hydro Quebec 15pc 2011		135 13/16	-¼	141 13/16	130⅞	11.05	10.56
Leeds 13½pc 2006		121½	—	125	116¼	11.11	10.53
Liverpool 3½pc Irred		31¾	—	34	30	11.02	-
LCC 3pc '20 Aft		29¼	—	31	27	10.00	-
Manchester 11½pc 2007		107½	—	111¼	103¼	10.70	10.50
Met. Wtr. 3pc 'B'		60½	—	61	53	5.04	9.06
N'wide Anglia 3⅞pc 2021		105	—	111¼	103¼	-	5.68
4⅛pc IL 2024		105	—	110¼	103¼	-	5.38
Utd Mex States 16½pc 2008		123½xd	—	126	121½	13.36	12.99

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1992 high	1992 low	Mkt Cap £m	Yld Gr's
Abbott Labs h	15⅝xd	-⅛	18⅛	14⅝	13,255	2.0
♥Allegheny & W.	280p	-14	338p	228p	184.7	5.4
Amdahl	688p	+23	1158p	642p	778.8	0.8
Amer Cyanamid	30	-⅛	37	28⅝	2,742	2.9
Amer Express	10⅝xd	—	13⅞	10	5,048	5.0
Amer T & T	21¼xd	-⅛	24⅞	20⅛	28,260	3.3
Ameritech	34⅝	-⅝	35	32½	15,168	5.3
BankAmerica	22⅞xd	+	27⅛	19	7,588	3.1
Bankers NY	30⅝xd	+⅜	37¼	28⅞	2,638	4.3
Bell Atlantic	24⅝	-⅛	28¼	23⅛	10,698	5.5
BellSouth	27⅛	-½	29⅛	25	13,268	5.3
♥Bethlehem Steel	8xd	—	8⅝	5¾	631.9	—
Bowater	953pxd	+48	1579p	905p	343.8	6.6
CPC h	24xd	-	28¼	22⅝	3,701	2.6
♥Cadiz Land Inc	128p	—	842p	128p	—	—
Campbell Soup	18xd	-	23	17⅛	4,888	2.2
Chase Manhattan	11⅝xd	+⅛	16½	9⅛	1,634	5.4
Chrysler	9⅞xd	—	11½	6¼	2,887	3.2
Citicorp	8⅝xd	+⅛	11¼	5⅜	3,825	—
Colgate-Palm	27⅝xd	-⅛	29	25¼	4,398	2.4
Cont'l Bank	864p	+28	1036p	499p	873.1	3.6
Dana	16¼xd	+¼	24½	14	885.7	4.5
Data General	397p	+5	1084p	384p	109.5	—
Dun & Brad.	28¼	—	33½	27⅝	6,049	4.2
Eaton	37⅝	-½	46½	32½	1,293	3.1
Echlin	9⅛xd	-⅛	11	7⅝	514.7	4.0
FPL	18½xd	+	20	18⅛	3,380	6.9
Fluor	28½	+½	27	19¼	1,862	1.0
Ford Motor	26⅜xd	-⅛	28⅜	15	9,882	2.8

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING – AEROSPACE

ENGINEERING – GENERAL

ENGINEERING – GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+or -	1992 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scottish Inv.	†	148	—	178	147	4.8	160.4	18.0
Warrants		22	—	38	22	—	—	—
Scot Mortgage		138	—	167	135	3.8	164.0	15.9
Scot National Inc		70xd	—	107	67½	10.8	—	—
Cap.		17	—	42	12½	—	—	—
Stepped Pf.		139¼	—	142	128	6.6	—	—
Zero Div Pf		185½	−½	187½	165½	—	—	—
Warrants		3½	—	8	3	—	—	—
Scot Value	12	59½	—	84	48	4.1	56.8	−4.7
Sec Alliance	†	1081	−1	1268	1090	4.3	1230.9	12.2
Second Market	5	227	—	244	222	0.9	274.5	17.5
Sec Tst Scot		62¼	−½	75½	61⅛	7.8	64.0	2.8
Select Assets		78	—	102½	76½	1.5	121.3	34.7
Eq Ind Ser I		107	—	123	107	5.3	—	—
Eq Ind Ser II		107	—	128	107	5.3	—	—
Shires		200	—	248	195	12.2	196.0	−2.1
11pc Cv Ln '03/04		£96½xd	−1	£119½	£95½	11.4	—	—
Stan Select		68xd	—	91	68	8.5	89.2	23.8
Warrants		10	—	21	10	—	—	—
Smaller Cos.		68	—	85	67	4.8	79.2	14.6
Warrants		11	—	20	10	—	—	—
Somerset Tst		122	—	149	55	—	78.9	−54.7
Sphere Inc	N	10	—	20	9¼	41.3	11.6	18.1
Zero Div Pf		68	−½	77¼	65¼	—	—	—
Samd		31	—	55	30	5.4	91.6	66.7
TR City of Lon		102½	+½	127½	97½	8.2	100.8	−4.7
TR Euro Growth		72	—	98	72	2.5	89.5	19.5
Ptg Sub		35	—	54	35	8.3	—	—
TR Far East Inc.	M	84xd	+1	96	76	7.0	88.2	8.3
Warrants		16	—	22	12	—	—	—
TR High Inc.		94	−1	110	91	8.5	93.9	0.1
Sub	0	22½	—	35	21	8.9	—	—
TR Pacific	6	73	+1	99	70	0.5	83.2	12.9
TR Prop.		15	—	22	15	12.9	27.0	−44.5

INVESTMENT COMPANIES

MEDIA

MEDIA - Cont.

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Notes	Price	+or -	1992 high	low	Mkt Cap£m	Yld Gr's
‡‡Ivernia West IE		33	—	63	32	18.8	—
‡‡Kells Mnls IE		18	—	42	14	0.43	—
Kenmare		2¼	—	6½	2¼	2.16	—
Malinga Res		16	−½	48	16	1.77	—
‡‡Navan Res IE		23⅝	—	26	16	3.17	—
North West Expl AS		3	—	6	2	1.01	—
Oryx Gold S		54	—	103	51	—	—
Plateau		3¾	—	18	3	1.37	—
RTZ		609	−4	669	469	5,610	5.2
Vizcaya		1¾	—	3	1	0.94	—
Western & Pac C$		14	−½	86	7	7.08	—
Young Grp	‡	14	—	110	4	2.11	‡

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- \- Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ● Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue
H Yield based on prospectus or other official estimates for 1991
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1991.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

FINANCIAL TIMES
Weekend August 29/August 30 1992

Rival carriers say deal will give UK company control of US ally

BA and USAir plan brand sharing

By Nikki Tait in New York

BRITISH AIRWAYS and USAir, the ailing US carrier in which the UK airline wants to invest $750m (£379m) for a minority stake, could be flying under common colours within three to four years of the deal taking place, according to documents filed in the US.

In New York yesterday, BA confirmed that, from a user's standpoint, the two airlines could look almost identical within three or four years.

The formal investment agreement between BA and USAir, now filed with the Securities and Exchange Commission, spells out the extent to which the two airlines plan to integrate their operations if the transaction wins regulatory approval.

Leading US carriers have seized on the document, arguing that BA will effectively control USAir's business even if legal ownership is within US rules. Under the proposed deal, BA would have an initial 21 per cent voting stake in USAir and about 44 per cent of total equity.

Foreign interests are limited to 25 per cent of voting control of a US airline, although total equity ownership may reach 49 per cent without automatically being deemed "foreign control".

The document says "harmonising the brand identities" of the two carriers "shall be an immediate priority". Initially, they plan to have three regional brands - intercontinental, European and North American - with BA in charge of the first two and USAir handling the North American brand in a "consistent manner". These could take a year to develop, but would be implemented as quickly as possible.

Within three years of the regional brand introduction, a new "global master brand" is due to be introduced - with BA in charge of development. The agreement makes clear that by "branding", the two companies are talking about all aspects of their public identities.

In some areas, the integration might be swifter still. The plan states, for example, that "immediate co-ordination and subsequent full integration of pricing and inventory control (including yield/capacity management) is a priority". It says USAir "agrees to undertake changes to the organisation of these functions as recommended by [BA]".

The three largest US airlines - United, Delta and American - and two leading air cargo operators claim the agreement gives BA a whiphand over USAir's business, because certain matters required 80 per cent of the board to be in favour and BA would have four out of 16 directors.

According to the investment agreement, these areas include: "any operating or capital budget plan", other annual capital expenditures over $10m, any investment exceeding $10m, the appointment or dismissal of any senior USAir executive, the purchase or sale of route authorities and any material marketing agreement or joint venture.

BA claims the opposition is anti-competitive, while the US lobby argues that BA is entering the US market by a backdoor route.

Picture by Ashley Ashwood
Lord Owen, the EC's new chief mediator on Yugoslavia, with the prime minister, John Major

Milosevic must adopt peace plans or resign, says Panic

By Judy Dempsey

SERBIAN president Mr Slobodan Milosevic will be forced to resign if he does not implement the accords reached at the London conference, Mr Milan Panic, prime minister of the rump Yugoslavia, said yesterday.

Mr Panic said in London before returning to Belgrade: "What counts is not the word but the deed. This peace proposal is now the official peace plan for the federal republic of Yugoslvia. I expect Mr Milosevic to comply, or else."

The Yugoslav federal parliament meets on Tuesday to discuss the conference accords, aimed at ending the war in Bosnia, and possibly Mr Milosevic's future.

Increased pressure on the Serbian leader coincided with fresh warnings from the United Nations and the European Community, joint organisers of the conference, that the fighting in Bosnia would not end in the next few days, despite the agreement.

Mr Douglas Hurd, the British foreign secretary, warned at the end of the conference that "what counts is what happens on the ground, not today or tomorrow, but in the next few weeks."

World looks to shouting Panic..........Page 3
A framework, but no fine print..........Page 7

In Bosnia, government officials said the accords could lead to an escalation of the fighting.

"The conference was a catastrophe. It went back," said Mr Stjepan Kljuic, a member of the Bosnian presidency.

Other Bosnian officials said Serb forces could use a time lapse between the agreements being reached at the conference and their implementation to continue bombardments throughout the republic.

The besieged Bosnian capital of Sarajevo was again shelled by artillery and mortar yesterday. Fifteen mortar bombs crashed on or near the presidency building.

Elsewhere, Serb forces continued their blockade of the eastern town of Gorazde, and the northern city of Bihac.

The accords, which provide a tentative framework for reaching a constitutional settlement on Bosnia, also include the closure of all detention camps, an end to "ethnic cleansing", and a permanent ceasefire under which all sides would hand over their weapons to the UN.

Western diplomats warned that it was crucial to maintain the momentum of the peace talks. Negotiations, due to begin in Geneva on September 3, will try to begin implementing the London accords.

Names support Lloyd's governing council

By Richard Lapper

MEMBERS of Lloyd's of London have given a decisive vote of confidence in the council, the insurance market's governing body, and support for wide-ranging reforms.

Results of a ballot announced yesterday show that four out of five Names - the individuals whose wealth provides the market's capital - back the council's commitment to improve the market's management and regulation.

The vote will help Lloyd's as it seeks to persuade Names to remain members after a period of controversy which has severely undermined its credibility.

The ballot was held following an extraordinary general meeting last month, called by dissident loss-making Names. These Names, largely external members who do not work in the market, have suffered disproportionately from its recent heavy losses, which totalled £2.06bn in 1989, the last year for which figures are available.

Mr David Coleridge, Lloyd's chairman, said: "I'm not going to make a song and dance about it but this is a resounding vote of confidence in the council."

Out of the market's 32,628 Names, 23,398 took part in the ballot, with 18,508 voting in favour of a resolution backing the council. Four other motions tabled by opponents of the council were rejected, although by lesser margins.

But Mr Richard Astor, a legal adviser to the dissident Names, said the group was not disheartened by the result and vowed to continue his campaign for more radical reform and a break with the present management.

Without the votes of some 6,000 working Names - who hold jobs with Lloyd's agencies and brokers - the council would have lost at least one of the motions, Mr Astor claimed.

Mr Astor said that his group would seek a further egm next month.

However, the Association of Lloyd's Members, which represents over 9,000 Names, welcomed the vote which it described as "the end of a chapter. The majority of Names want the market's business to go on."

Meanwhile, in a separate development Chatset, the independent company which analyses Lloyd's business, says it expects the market to post losses of £1.5bn in 1990 when results are reported next year. This compares with its earlier forecast of £1.2bn losses.

NatWest to correct erroneous accounts

Continued from Page 1

22p to 29p. Mr Richard Rushton, deputy managing director of NatWest Homeloans, yesterday said he had been puzzled by the US accounts. There had been an increase of 25 per cent in mortgages on which interest was more than 90 days overdue to around £500m - which was [illegible] than some of the bank's [illegible] but far less than suggested in the US accounts.

So yesterday afternoon the bank asked Mr Cottle to recalculate the numbers. Last night he was remorseful. "I apologise for putting out an erroneous [illegible]." He said that the figure for loans on which interest was overdue had been overstated by approximately £300m. He believes the correct figure for 30 June will turn out to be £792m.

When he is absolutely sure, he will send a correction to the SEC in the US. NatWest recently appointed an American, Mr Richard Goeltz, as its finance director.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Aachen	672	+	11
Asko	660	+	24
Continental	246	+	9
Lahmeyer	598	+	16
Falls			
Kaufhof	429	−	7.5
Sud Chemie	490	−	10
New York ($)			
Rises			
Dow Chem	55⅝	+	1½
Marsh & McLen	82¾	+	3
Falls			
Chrysler	19⅜	−	⅜
Gen Motors	33¼		[illegible]
RJ Nabisco	8½		[illegible]
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
BIC	770		[illegible]
Cred Nat	865		[illegible]
Rhone Poulenc	575		[illegible]
Roussel	390		[illegible]
Falls			
Accor	590		[illegible]
Legris	267		[illegible]
Tokyo (Yen)			
Rises			
Hokko Chem	664		[illegible]
[illegible]	1250	+	200
[illegible] Hous	378	+	61
[illegible]	600	+	100
Falls			
[illegible]	460	−	38
London (Pence)			
Rises			
Baldwin	53	+	6
[illegible]	177	+	9
[illegible] Tech	452	+	20
[illegible]	24	+	3
[illegible]	38	+	4
[illegible]	25	+	2
Glaxo	722	+	12
[illegible]	23	+	3
Slough Estates	104	+	9
Falls			
BAA	632	−	13
Babcock Intl	40	−	3
CALA	44	−	8
Evans Halshaw	242	−	12
Fife Indmar	55	−	6
Hepworth	264	−	15
Heywood Williams	139	−	20
IoM Steam Packet	168	−	12
Lucas Inds	83	−	7
Meyer Intl	204	−	31
Persimmon	173	−	6
RHM	141	−	5
Thorn EMI	666	−	13

World Weather

UK Today: A sunny start in most regions, but scattered showers from western coastal areas will spread inland, particularly in Scotland. Occasional showers will also develop over eastern counties to become more general later.

		°C	°F
Ajaccio	S	29	84
Algiers	S	35	95
Amsterdam	[illegible]	[illegible]	[illegible]
Athens	[illegible]	[illegible]	[illegible]
Bahrain	[illegible]	[illegible]	[illegible]
Barcelona	[illegible]	[illegible]	[illegible]
Beijing	[illegible]	[illegible]	[illegible]
Belfast	[illegible]	[illegible]	[illegible]
Belgrade	[illegible]	[illegible]	[illegible]
Berlin	[illegible]	[illegible]	[illegible]
Biarritz	[illegible]	[illegible]	[illegible]
Birmingham	[illegible]	[illegible]	[illegible]
Blackpool	[illegible]	[illegible]	[illegible]
Bombay	[illegible]	[illegible]	[illegible]
Bordeaux	[illegible]	[illegible]	[illegible]
Boulogne	[illegible]	[illegible]	[illegible]
Bristol	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]
Budapest	[illegible]	[illegible]	[illegible]
Buenos Aires	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	12	54
[illegible]	F	15	59
[illegible]	S	31	88
Milan	F	30	86
Montreal †	C	16	61
Moscow	F	15	59
Salzburg	S	31	88
S'Francisco †	S	14	57
Seoul	R	23	73
Singapore	[illegible]	[illegible]	[illegible]

Temperatures at midday yesterday. † Noon GMT temperatures. C - Cloudy. Dr - Drizzle. F - Fair. Fg - Fog. H - Hail. R - Rain. S - Sunny. Sl - Sleet. Sn - Snow. T - Thunder.

THE LEX COLUMN

Japan bets the bank

There must be a sneaking admiration for any country which can announce £40bn-odd of extra government spending seemingly at the drop of a hat. Investors, however, must consider whether the package of measures announced yesterday will cure Japan's ills. The stock market seems to think so - it has risen 25 per cent in the last 10 days. But there are strong technical reasons for the rise: short-covering and ministry of finance encouragement not to sell among them. Unfortunately, although the measures will boost the Japanese economy by around 2.5 per cent next year, the first effects will not be felt in the economy for months. With the earnings outlook for many Japanese companies still extremely poor, shares look expensive at these higher levels.

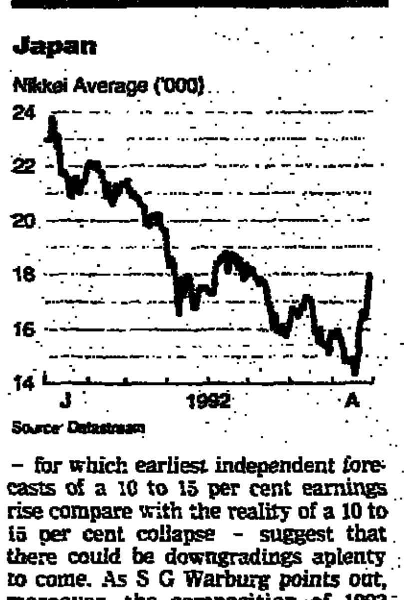
That said, the proposals are heartening because they show that the government finally accepts there is a problem. But there is a nagging worry that the authorities are shooting at the wrong target. The real Japanese basket case is the financial system, not the economy. True, economic growth will boost bank profits, and support measures for the stock market will raise the value of their share portfolios: lower interest rates will also raise bank margins. But these measures are only of indirect help: the central question of the banks' bad loans has still not been adequately addressed.

These bad debts are vast - one estimate puts core non-performing loans around Y10,000bn - some £40bn: doubtful loans could be 10 times that amount. With a black hole of that size a government lifeboat will be needed, so taxpayers and the banks will end up sharing the losses. Until the bank rescue is ready, investors can be excused for remaining cautious. Arm-twisting may only keep the stock market up until the half year ends on September 30. It is to be hoped the lifeboat is ready by then.

UK stock market

After this week's 53 point fall in the Footsie, the risks of an interest rate rise would appear to be at least partially discounted by UK equities. It may be, though, that the market is still unduly optimistic about 1993 corporate earnings given the prospects for low inflation, a likely continuation of high real interest rates, and no certainty of a devaluation of the pound. Certainly the depressing experience of industrial companies in 1990 and 1991

FT-SE Index: 2312.6 (+1.0)



Source: Datastream

- for which earliest independent forecasts of a 10 to 15 per cent earnings rise compare with the reality of a 10 to 15 per cent collapse - suggest that there could be downgradings aplenty to come. As S G Warburg points out, moreover, the composition of 1993 profits growth predicted by its analysts for the 72 Footsie stocks in the Industrial Index is very different from 1992. This year less than half the growth is expected to come from underlying trading, ie volume increases and price gains, thanks to substantial cost savings and acquisition benefits. Next year, however, the anticipated earnings increase is 75 per cent reliant on a general economic improvement. Investors need to be sure that this risk is priced in.

Electricity

The 12 regional electricity companies will have to get accustomed to being judged individually rather than as a group. Next week's unbundling of the package made available at privatisation means that, with the exception of indexed funds, most institutional investors will retain favoured stocks and discard the rest. The impact on the relative performance of the shares has already been notable: at the start of the summer some 25 per cent of Rec shares were held in the package.

Heightened competition for the hearts and minds of investors is only the start. The regulator has made plain he has little faith in complex return on capital calculations as a means of exerting control. Offer's preferred tactic is to introduce competition into as many areas as possible. As a foretaste, the Recs may be denied the automatic right to pass through higher pool prices to customers, in the interests of a more competitive wholesale market. Metering and the erosion of regional monopolies are firmly on the agenda. And whatever the details of the 1994 review, the Recs will have to live with a less generous pricing regime in the second half of the decade. One implication is that real dividend growth will depend on companies' ability to deliver efficiency gains and grow non-core businesses.

Judging the relative efficiency and management quality of the Recs on the basis of two years' figures is not easy. Return on capital ranges from perhaps 6 per cent at Seeboard to 10 per cent at East Midlands, but this is a result of geography and the pricing formulae set at privatisation. A better benchmark may be the companies' ability to meet customer service standards, which will be central to the regulatory regime going forward. Whatever method of assessment is chosen, the risk of backing a loser is likely to increase.

Building materials

Yesterday's big falls in the shares of Meyer, Heywood Williams and Hepworth suggest the script of that much hyped recovery story at the "light" end of the building materials sector can now be ripped up. July's 6 per cent fall in the turnover of builders' merchants certainly seemed to have convinced the market that Meyer, for one, will be unable to maintain its dividend this year. As at the heavier end of the sector - bricks, tiles and aggregates as opposed to glass, pipes and boilers - the problem is as much one of collapsing prices as it is of falling demand. Volumes in aggregates, bricks and rooftiles, indeed, are so far holding up surprisingly well thanks to the road programme and flat housebuilding activity. If the industry's overcapacity could be sorted out, the long-term prospects at the heavy end of the building material industry might be relatively more attractive.

Ratners

Judging by Ratners' 1992 annual report - a sombre document without a single glossy photograph of chairmen past or present - the cult of personality in British business is dead. Shareholders may also note that there are no diamonds on the cover this year - an appropriate gesture given recent stock reductions.

Weekend FT

SECTION II

Weekend August 29 / August 30 1992

On a wing and a prayer

Experts seem divided about the meaning of the turmoil and stresses in the global financial system. ***John Plender*** *reports*

TURMOIL ON the foreign exchanges, wild gyrations in the capital markets, riots in Germany, French doubts about Maastricht - this is no mere silly season crisis. Yet at the end of a week in which sterling wavered, currency realignments were rumoured and calm temporarily reasserted itself, financial experts seem curiously divided about what is going on.

According to one line of thought, it is the collapse of the US currency that is chiefly responsible for chaos in the markets. Yet few in the US seem aware of it, least of all the country's financial establishment. Much of the Federal Reserve Board and more of Wall Street is spending this weekend at a jolly symposium in the mountains at Jackson Hole, Wyoming. The name says it all. Clearly their heart is not in this so-called crisis.

Others take the view that the strength of the D-mark is the problem. Yet a maverick member of the Bundesbank council hinted earlier this week that the real snag was the reluctance of other members of the European exchange rate mechanism (ERM) to devalue - whoops, realign - against the mark.

The French electorate, if the opinion polls are to be believed, appears to be developing a wholly different agenda for the European Community than the one cooked up by the French political establishment in the run-up to the treaty of Maastricht. This is a source of joy to the Bundesbank, which would happily wave goodbye to monetary union; also to those Tory ministers who would dearly love to come out of the Euro-closet singing *Rule Britannia*. But it does nothing for short-run currency stability.

The British, meantime, are threatened by a rise in interest rates, which might be necessary to prevent sterling from falling through its ERM floor. Yet sterling is strong against everything that matters apart from the D-mark, while the economy remains flat on its back. Increasingly the decision by prime minister John Major to take Britain into the ERM is being compared with Winston Churchill's catastrophic return of sterling to the gold standard in 1925.

For his part the UK chancellor of the exchequer, Norman Lamont, wrapped in his ERM bands and stranded before the cameras on the Treasury steps in London, risks being compared with Philip Snowden, the hapless Labour chancellor who presided over the devastation of the British economy before the decision to go off gold in 1931.

In the face of this seemingly paradoxical set of circumstances, the layman, conscious of uncomfortable echoes of the 1930s, might ask the significance of this week's battle royal on the exchanges. Is it a harbinger of nastier political and economic trouble to come?

The worries are arguably overdone. True, the fluctuations on the exchanges are disturbing for investors since exchange rate movements exercise an important influence, through their impact on competitiveness, on the distribution of growth and industrial profits around the global economy. Yet, for reasons that will become clear, currency fluctuations are best regarded as part of the solution, not the problem. They are no more than a symptom of large countries pursuing mutually inconsistent economic policies and of past failures of international monetary coordination.

The story really starts in the 1980s with Reaganomics, that euphoric economic upheaval which combined loose fiscal policy with tight money, together with a plethora of financial and tax reforms. The internal consequences for the US economy included a decline in savings and a huge accumulation of debt. The chief external results of US overspending were an overvalued dollar and a huge balance of payments deficit.

This was sustainable just as long as other countries were prepared to mop up the dollars that Americans were pumping on to international markets. And for most of the 1980s, Japan and Germany were happy to do that. The Japanese did the lion's share of the work, buying a growing share of US Treasury bonds. They also bought a significant slice of the Californian banking and film industries, together with great chunks of real estate across the union. The appetite for foreign assets spilled over into other countries, including Britain, where Japanese banks pumped money into office blocks in the City, Docklands and elsewhere.

While it lasted, this flow of capital across the exchanges meant that debtor countries, of which the US was by far the most important, enjoyed lower interest rates, cheaper mortgages and ready access to high-quality Japanese consumer durables and German capital goods. Creditor countries were thereby spared from the contractionary impact of excessive savings on their domestic economies.

But the party went on too long. From the mid-1980s, egged on by central bankers after the famous Plaza Accord, the dollar fell relentlessly, leaving foreign investors with huge currency losses. At the Louvre Accord in 1987 the central bankers agreed to put a floor under the dollar to prevent a free fall.

For the Japanese, who led the supporters' club, the consequences were catastrophic. Just as the US decision in 1927 to reduce dollar interest rates partly in response to Europe's monetary problems helped fuel the stock market boom that ended in the 1929 Crash, so Japan's recent decision to keep yen interest rates low to support the dollar fuelled a domestic stock market and property bubble, followed by a Tokyo crash to rival 1929 on Wall Street.

Currency fluctuations in the 1990s are largely to do with the hangover after this American-Japanese binge, together with the economic shock arising from the unification of Germany. In response to a sluggish US economy, the Federal Reserve has repeatedly cut the discount rate, which now stands at 3 per cent, a 29-year low. Yet the economy has failed to respond more than fitfully, chiefly because of the reluctance of a shell-shocked banking system to lend.

Keynes, in the 1930s, described attempts to revive the economy through stimulatory monetary policy as "pushing on a piece of string." That would serve equally well for the US economy today. With a system of deposit insurance in place, there is no banking panic to compare with the aftermath of 1929. But in the wake of excessive lending for real estate, energy and financial engineering, individuals and companies are seeking to pay down their debts and risk-averse bankers are reluctant to lend. With short-term interest rates low and government bond yields high, US banks have invested more than half their assets in US government bonds, leaving the small business sector, the chief generator of employment, high and dry.

Germany, meantime, has gone from a current account surplus of 4.8 per cent in 1989 to a deficit of 1.3 per cent last year, as it switches resources into the former German Democratic Republic. And it is conducting its own version of Reaganomics in which the federal government puts its foot on the fiscal accelerator deemed necessary to bribe the inhabitants of the former GDR to stay in the east – while the Bundesbank keeps all four feet on the monetary brake to dampen the inflationary consequences. The result is high rates of interest, rising unemployment in the D-mark bloc and a huge inflow of foreign capital.

This is where the conflict in the currency markets is at its fiercest. With money market rates in New York at around 3½ per cent and comparable rates in Frankfurt at nearly 10 per cent, the temptation for speculators to hold dollars for the short term is minimal. But neither the Americans nor Germans are unduly worried about the resulting flight of capital across the Atlantic. The inflationary impact of the collapsing dollar scares no one at Jackson Hole, because US imports are less than 10 per cent of gnp and the economy benefits from the boost to exports. And the Bundesbank welcomes the appreciation of the D-mark because it puts an additional brake on inflation.

In short, currency fluctuations can be an escape valve and an adjustment mechanism. And there lies the conundrum for sterling and other weaker ERM currencies. By tying themselves to a strong currency, the D-mark, which is subject to the pull of great tidal flows of capital on the global markets, they ensure that the burden of adjustment falls not on the exchange rate but on domestic demand. Instead of sterling collapsing like the dollar, and monetary policy continuing to loosen in response to the huge debt left from the late 1980s boom, the squeeze is felt in the real economy as real interest rates rise and inflation falls.

The drama within the ERM does indeed bear striking similarities to the 1930s. Then, France was the lynchpin of the gold bloc – a defensive arrangement, according to Charles Kindleberger, the economic historian, rather than an optimum currency area, which is the economist's definition of a group of countries that stand to benefit from joining a monetary union.

The French paid a high price, in deflation and constantly changing governments, for their politicians' commitment to gold, until the Tripartite Monetary Agreement of 1936 took the franc off the hook. In contrast, the British enjoyed one of their highest growth rates of the century after Britain went off the gold standard in 1931, although unemployment remained high and growth was unevenly distributed between regions and industries.

Today, the French are again spearheading plans for a monetary union. Optimum currency area considerations have been less important than political imperatives: worries about how to manage relations with an enlarged and more confident Germany. Much of Europe is importing deflation from Germany as the D-mark – a modern equivalent of the gold standard - rockets upwards. And a British chancellor finds himself in the extraordinary position of confronting a sterling crisis in which the troubled currency walks tall at nearly $2 to £1. The question is whether there will be a similar resolution to the 1930s, with sterling and the lira pursuing a different path from the franc.

This week's signals from the French polls could turn out to be of greater long-term importance than the currency fluctuations. For if the French, of all people in Europe, offer at best a lukewarm endorsement of the Maastricht treaty, following the Danish "No", the European political establishment may be forced to acknowledge an inadequate mandate to pursue its ambitious plans for political and monetary union. ERM turmoil will increase. And some form of realignment, perhaps even the fragmentation of the ERM, might follow, with Italy precipitating the rot.

For investors in British equities, the prospects could be similar to those after the devaluation against gold in 1931. Initial turbulence in the markets was followed by a five-year bull market. According to BZW's annual survey of equity and gilt returns since 1918, the real return on equities in 1931 was 40.2 per cent; in 1932, 30.4 per cent; in 1933, 24.4 per cent; in 1934, 11.2 per cent, and in 1935, 16.1 per cent. Surprisingly, since devaluation usually means more inflation, gilts did well, too, with a return of more than 45 per cent in 1931. Falling gilt yields and rising prices reflected the new government policy of cheap money.

Whether UK gilts would benefit from devaluation this time, after the unprecedented post-war inflation, seems more questionable. Much would depend on whether the government implemented other institutional changes, such as independence for the Bank of England, to stabilise prices. But some time over the next few months equities could be back in fashion with a vengeance. And in due course the dollar will bounce back.

CONTENTS

The Long View/**Barry Riley**

Your A-Z of the D-word

THERE IS much talk among pundits just now about devaluation. Here is an A to Z guide.

■ **Alternatives.** Perhaps this is a misleading way to begin. In the terminology of currency politics there are no alternatives. There is *only one possible strategy at any one* time, although it might change abruptly one Friday night.

■ **Bundesbank.** The German central bank does not believe in devaluation. The Bundesbank is selfish, ignorant, pig-headed, disruptive, old-fashioned, nationalistic and inflexible. In short, it sets the standard for what a good independent central bank should be like.

■ **Constant competitiveness.** An economic concept designed to distract people's attention from the fact that the currency keeps going down in value.

■ **Devaluation.** A complex foreign currency market adjustment mechanism which can be characterised as: *"I ain't askin' DM2.95 for this pound sterling. I ain't askin' DM2.83. I'm givin' it away for DM2.40. Cross my heart, in 1981 it was worth five. Yes, sold to the gent with the Reuters screen in Frankfurt."*

■ **ERM.** The exchange rate mechanism is a baffling concoction of fluctuation bands, divergence indicators and intervention limits. Life is terrible within it but even worse outside: your currency might go up and down like the dollar.

■ **Floating currency.** Sometimes known as a sinking currency. When politicians tire of fixing exchange rates, they sometimes choose to "let the market decide." Between 1972 and 1990, the market decided that the pound should float down from over DM8 to under DM3.

■ **Gold.** Once, it set the standard for international monetary value. But gold is not what it used to be. In 1980, gold hit DM1,550 an ounce; it is now DM520.

■ **Hyperinflation.** Ordinary inflation is what has happened in the UK, where the pound has lost 84 per cent of its purchasing power in the past 20 years. Hyperinflation is when that happens in one year.

■ **Independent central bank.** After you devalue the currency, you might declare your intention to give independence to your central bank. You cannot do so beforehand because it might refuse to devalue and could raise interest rates instead.

■ **J-curve.** The aim of devaluation is to improve the trade balance. Unfortunately, the immediate effect is to make it worse (because imports rise in price) *and the chart goes down before it goes* up again. This is the J-curve effect, although some economists believe the J stands for "Jeepers!"

■ ***Krona and krone.*** *The Swedish krona* has been devalued this year but the Norwegian krone has not, nor the Danish krone. So be careful when you go to Scandinavia and change currency.

■ **Lira.** Well-known devaluation-prone Italian currency. But there were 2,100 to the pound in 1948 and 2,150 today, which is not a great change.

■ ***Maastricht.*** Little Dutch town on the German border where it was decided by European heads of state last December to abolish the D-Mark by merging it into the Ecu which could then be devalued. The Bundesbank is, however, mounting an effective rearguard action.

■ **N** is for nineteen thirty-one, nineteen forty-nine and nineteen sixty-seven, all famous occasions of sterling devaluations. But they were all odd-numbered years, so perhaps we are safe in 1992.

■ **Ouguiya.** The Mauritanian currency has been devalued, but not recently.

■ **Pound in your pocket.** Famous Harold Wilson observation in 1967 on devaluation. *"It does not mean, of course, that the pound here in Britain, in your pocket or your purse, or in your bank, has been devalued."* Of course not. But since then, the pound has lost 89 per cent of its internal purchasing power.

■ **Quit.** Often the fate of devaluing British chancellors of the exchequer. James Callaghan stood down in 1967. Philip Snowden and Sir Stafford Cripps did not last long, either, in 1931 and 1949 respectively.

■ **Realignment.** Valuable euphemism for devaluation, used when countries in the European monetary system devalue against the D-Mark. If different countries move their central rates by different amounts and also change their fluctuation bands, it can be hard to see what is really going on.

■ **September.** Historically, the autumn equinox marks the most dangerous season for the pound sterling, which left the gold standard on September 21 1931 and suffered a 30 per cent devaluation against the dollar on September 18 1949.

■ ***Threadneedle Street.*** *Home of the Bank of England, manager of the UK's* currency, which is dignified, responsible, co-operative, deferential, technically ingenious and flexible. For these reasons, it is a rotten central bank.

■ **U-turn.** The manoeuvre executed by a government when it devalues the currency after having dismissed the possibility fiercely for many months.

■ **V-turn.** Like a U-turn, but even sharper.

■ **Weekend.** Devaluations usually happen over a weekend. Governments have nearly two days, in which markets are closed, to put the arrangements into place. But, these days, there could be opposition from the Keep Sunday Special movement and from millions of tourists unable to change travellers cheques.

■ **Xenophobia.** A common affliction of finance ministers trying to shore up sickly currencies. They are liable to lash out at "gnomes of Zurich" and other symbolic speculators. Unfortunately, the foreign exchange markets are infested with foreigners.

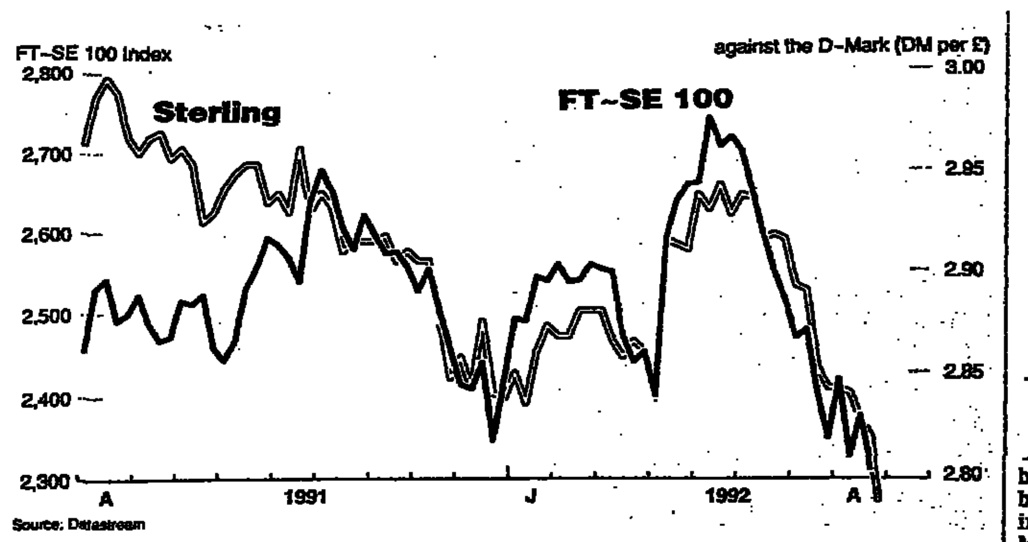
■ **Yield differential.** Weak currencies must reward investors with higher interest rates than strong ones to compensate for the extra risk. So why have US treasury bonds been yielding less than German bunds? Well, any theory can break down *some*time.

■ **Zero inflation.** A dream of monetarists and governments. Achieved only once in Britain - in 1959 – since the Second World War. Since 1970, the UK has failed to get closer than 3.7 per cent over a calendar year. Zero inflation could mean the end of annual wage increases; for some reason, voters are not as keen as politicians.

London Markets

A case of defending the indefensible

By Peter Martin, Financial Editor



Source: Datastream

It was a week for agonising dilemmas. Take the one faced by the retired bank manager who taped what was alleged to be a conversation between Princess Diana and a male admirer. He was a staunch royalist, he said, and had to decide whether to send the tape to Buckingham Palace or the Sun newspaper.

It was one of those finely-balanced moral issues. Norman Lamont, though not a bank manager and not yet retired, must have sympathised, as he wrestled with a problem of similar complexity on Tuesay night.

The pound was sliding inside the ERM; short-term interest rates were rising; the gilts auction was going badly; the stock market had given up the ghost; the Bundesbank was wondering aloud why everyone didn't devalue their currencies against the D-Mark.

The chancellor had to choose between putting up interest rates, starting to plan for a sterling devaluation, or appearing on television. For a politician, the choice was obvious.

At 8.20 on Wednesday morning, he addressed the cameras outside the treasury. "There are going to be no devaluations, no leaving the ERM," he said. "We are absolutely committed to the ERM. That is our policy. That is the centre of our policy. We are going to maintain sterling's parity and we will do whatever is necessary."

With that statement, and a lot of expensive intervention in the currency market by the Bank of England, sterling just about scraped through the week, though it was close to the bottom of its permitted ERM band for most of the time. By Friday, sterling was still the weakest currency in the ERM, though much of the market's attention seemed to be switching to the lira.

Doubtless the chancellor can continue to scrape by, though at considerable cost in terms of foreign exchange reserves and – perhaps – of higher interest rates in the weeks to come.

Scraping by leaves the stock market unimpressed, however. As the chart shows, since the end of the Gulf War sterling weakness in the ERM has been by and large associated with a declining stock market. This week, as the pound dropped another pfennig, the FT-SE 100 index closed down 53.1 points at 2312.6, though it had dropped as low as 2260.6 on Tuesday afternoon.

One top fund manager argued on Friday that the government is simply muddling through, hoping to be bailed out of its problems by the outcome of the French referendum on Maastricht or a recovery in the dollar (which would take some of the pressure off the pound). The government's policy, he said, is "mostly a matter of keeping its fingers crossed".

Meanwhile, investors have faced their own set of dilemmas, and have been crossing their fingers just as ardently. When times are hard, they traditionally fall back on "defensive" stocks, shares in the sort of company that do well come rain or shine. After all, they tell themselves, everyone's got to eat.

Not any more. Food processors are doing just as badly as anyone else. Shares in Hillsdown, one of the biggest UK-oriented food companies, have halved since early May, though they closed on Friday at 99p, up 2p on the week. My colleague Maggie Urry revealed in the FT this week that even baked beans, perhaps the ultimate defensive commodity, are sticking to the shelf.

Other traditional defensive stocks were also offering investors little reassurance. Grand Metropolitan, which now owns food brands, burger bars and pubs, gave a formal profits warning on Tuesday. Its shares ended the week at 388p, down 32p. On Thursday, the brewer Scottish & Newcastle reported a further deterioration in trading conditions, with signs that the hardy beer-drinkers of the north were at last following their southern cousins into recession-induced sobriety. Its announcement sent several other beer stocks down, and S&N closed the week at 383p, down 49p.

One analyst said the bad news "shows that the drinks sector "is not the defensive division it has been painted". But what is? Dividends are under threat across the market, as finance directors, emboldened by BP's example, reach for a weapon they have hitherto been too scared to employ. Companies as varied as Slough Estates, Guardian Royal Exchange and Bridon announced interim dividend cuts this week; the practice is becoming routine.

There are only two truly defensive sectors left: the water and electricity utilities, which have outperformed the market by 15-20 per cent since the slide started four months ago.

Utilities are classic defensive stocks, propped up even in bad times by their high yields. But part of the impetus behind the water stocks, at least, lies in what the market interprets as favourable rulings by the industry's regulator. Today, his rulings help the sector; tomorrow they may hurt it. In this still formative phase of UK utility regulation, there is a greater element of chance in the shares' performance than the truly defensive investor would find comforting.

British Gas – illustrating the point perfectly by its dispute with its regulator – announced half-year results this week. On a current cost basis, it lost money in the second quarter. This is traditionally one of its weaker periods, since the weather is warmer and central heating boilers are turned down. However, utilities are not supposed to lose money whatever the weather. The shares closed on Friday at 241½p, down 2½p.

Perhaps the most apposite quotation of the week came from Lord Weir, chairman of the Scottish engineering group that bears his name. Announcing, to general acclaim, higher interim profits and an increased dividend, he said people should not think this achievement was effortless: "Although we are doing better, it is bloody difficult". Difficult indeed.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	2312.6	-53.1	2737.8	2281.0	Sterling/base rate concerns
AMEC	69	-10	182	65	Broker forecasts div cut
Airtours	186	-22	337	185	New holidays/lower prices
Bass	474	-47	655	473	Brokerage downgrades
Courtaulds Textiles	365	-29	522	364	Effect of weaker dollar
Eurotunnel Units	375	+21	488	293	TML settlement hopes
Grand Metropolitan	388	-32	518	369	Profits warning
Graseby	142	-26	227	128	Worries over dividend
Heywood Williams	139xd	-42½	388	139	Broker 'sell' recommendation
Legal & General	290	-20	423	287	Mortgage indemnity worries
News Intl Spec Div	445	+20	515	258	Return to profits
Redland	364	-39	565	354	Broker forecasts div cut
Royal Insurance	144	-19	273	144	Hurricane Andrew claims
Scottish & Newcastle	383	-49	478	382	Trading warning
Scottish TV	379	+29	419	202½	Analyst's optimistic forecast

Serious Money

Blue Chips make investors see red

By Philip Coggan, Personal Finance Editor

MOST shareholders do not want miracles. They do not expect to buy the kind of share that doubles overnight or turns £1,000 into £100,000 over a decade. Many simply would like to buy a share in a good, solid company and lock it away for several years while enjoying steady capital and dividend growth.

But recent corporate news has highlighted how difficult it is to rely on companies that most would classify as "blue chip." Take BP, which recently halved its second-quarter dividend. If an investor had bought BP shares five years ago, he would now be sitting on a 50 per cent loss.

There are plenty of other blue chip names where investors are looking at hefty losses over a five-year period - ICI is down 31 per cent, Land Securities 32 per cent, P&O 52 per cent and Pilkington 73 per cent.

Admittedly, those figures cover a period that began at the peak of the bull market in 1987. Nevertheless, most investors in those companies would expect to have seen some sort of gain over as long as five years. After all, the FT-SE 100 index has risen 2.9 per cent over the same period.

Perhaps the answer is that investors simply cannot lock their shares in a drawer and forget about them for 10 years. "It is a salutory lesson to all of us that you can never leave your equities alone," says Paul Killik, of broker Killik & Co.

"If you look back at the constituents of the FT-30 index 20 or 30 years ago, you find names that don't exist today."

Simon Sharp, of stockbroker Albert E. Sharp adds: "We do not think there is a permanent investment for our discretionary accounts. Circumstances can change so much."

Brian Tora, of Greig Middleton, notes: "Locking shares away and forgetting them is less easy to do in today's volatile markets."

Tora says that one important problem is how market-makers can mark down prices without any selling activity. The result is that shares move so sharply on bad news that private investors cannot possibly react in time.

So, should the private investor despair? According to the experts, there may still be some companies which can be bought as core holdings.

Killik points out: "We do have a sector of the market that doesn't guarantee massive rates of growth but does offer security – the utilities. And, as a result, they have massively outperformed."

Indeed, the FT-A Water index is up 32 per cent since the start of April. People will always use water, electricity and the telephone, so the theory goes; thus, the shares of such companies are safer bets.

"With utilities, the future is more predictable" says Tora. "The main thing you have to do is second-guess how the regulator will treat the industry."

The recent strength of the utilities' shares could have diminished the future rewards, though. From averaging 1.6 times the yield on the All-Share at the start of 1990, the water sector now offers a yield only 1.1 times the market return.

Killik says there may be other companies which still can be relied upon. "Nothing is guaranteed," he warns, "but there are companies which seem to have an in-bred management culture and which are not acquisition-driven – companies such as Marks & Spencer and Unilever!"

The experiences of the last few years, however, may have persuaded many investors that there are no longer any such things as blue chips. For them, one answer might be the big international investment trusts.

Their share prices may rise and fall with world stock markets but they normally contrive to provide more reliable income streams. Foreign & Colonial, for example, recently announced its 21st consecutive annual dividend increase.

Nevertheless, there can be a vast difference in their relative performances. Over five years, the best international trust (Law Debenture) is up 45 per cent while the worst (SPRAIT) is down 19.6 per cent.

An obvious alternative to this uncertainty is a tracker fund. These attempt to match the performance of a chosen index and buy and sell shares only to make sure they reflect changes in the index.

Transaction costs are reduced, and the investor knows that his holding will keep up with the market.

City folk are rather sniffy about tracker funds, saying that a good manager should be able to beat the market, not just match it. Of course, they would say that since, if tracker funds become successful, many fund managers will be out of a job. But the evidence so far is that tracker funds have done far better than average.

The James Capel and Gartmore UK index funds each shows a 1 per cent rise over the two years to August 1. That places them 16th equal out of 96 funds in the UK general sector.

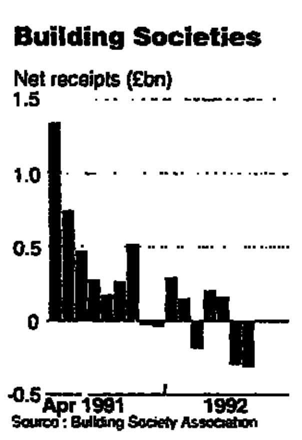
Admittedly, the tracker funds have hardly made their investors rich. But they seem to have met their objective – the All-Share index fell 0.7 per cent over the same period.

The funds have "beaten" the index only because the change in the All-Share does not include any dividend income.

So, with blue chips hard to find and few fund managers able to beat the index, the arguments in favour of tracker funds are stronger than ever. They could just be the kind of reliable investment you can leave in the attic for the next 20 years.

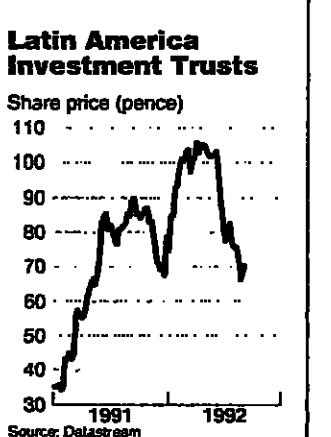
AT A GLANCE

Building Societies



Source: Building Society Association

Latin America Investment Trusts



Source: Datastream

Net building society funds fall again

Building society accounts saw a net monthly outflow in July – the fifth outflow in the past nine months. Money continued to drain out of building society accounts last month, partly because of competition from National Savings. The net outflow was £325m, up from £314m in June – a far cry from a net inflow of £774m in May 1991. However, the figure was not as bad as the industry had feared. The societies had forecast an outflow of £450m to £500m for the month.

Latin American trust has a mixed first half

Latin American Investment Trust, the best performing trust of 1991, had much more volatile markets to deal with in the first half of 1992. The Brazilian stock market, for example, jumped 90.1 per cent in the first four months of the year but then dropped so sharply that the total rise for the first half was just 1.3 per cent. The trust's net asset per share increased 4.5 per cent to $1.85 over the six months to June 30.

M&G launches income PEP

Fund management group M&G is offering a monthly income personal equity plan, based on six of its unit-trusts. By investing £6,000 in the Dividend, High Income, European Dividend, Equity Income, Extra Yield and Midland & General trusts, M&G estimates plan holders will receive an initial annual tax-free income of £418. There is the risk, of course, capital loss. Investors will pay the normal unit trust initial charge of 5 per cent and the annual charge of 0.75 to 1 per cent; there are no additional charges for the PEP itself. The minimum investment per fund is £500.

Smaller companies index falls

The fall in smaller company shares accelerated this week. The County smaller Companies Index fell 2.1 per cent to 798.71 over the seven days to August 27; the Hoare Govett Index (capital gains version) also fell 2.1 per cent to 1004.73 over the same period. The indices have fallen by around 23 per cent over the last three months.

Divorce guides

With one in three marriages collapsing, two books on divorce are unfortunately likely to come in handy. The new edibon of *The Which? Guide to Divorce* published last week and *The Divorce Handbook* out on 10 September, both deal with the bread and butter issues of the effect of divorce on finances, ways of cutting down on legal costs and the effect of law changes on the custody of children. Both have separate chapters on divorce in Scotland and Northern Ireland.

The Which? Guide to Divorce by Helen Garlick, Consumers' Association and Hodder & Stoughton, £10.99.

The Divorce Handbook by Fiona Shackleton and Olivia Timbs, Farrer & Co, £6.99.

Correction

The minimum monthly investment in an employee share scheme is £10, not £30 as we reported last week.

Wall Street

Hurricane rages but dollar storm blows out

WHILE Hurricane Andrew was wreaking havoc across large parts of southern Florida and Louisiana this week, a grade two dollar crisis (on a one-to-four scale, four being most severe) was blowing itself out at the end of a tumultuous few days for US and world financial markets.

On Wall Street, most of the damage from the currency *storm was inflicted a week ago* Friday and on the following Monday, when bond yields jumped sharply and the Dow Jones industrial average plunged by more than 75 points.

The flimsy walls erected hastily by the Federal Reserve and other big central banks to protect the vulnerable dollar from a tidal wave of selling on foreign exchange markets failed to hold; and as the sellers poured through the breached barricades, the currency dropped to DM1.40. This was its lowest-ever point against the D-mark.

The conditions necessary for a dollar crisis had been building up in currency markets for some time. Interest rate differentials between US and Germany widened over the summer as the Fed eased, and the Bundesbank tightened, their respective monetary policies.

The failure of the US economy to climb out of recession with any vigour was also making overseas investors increasingly unhappy about holding the dollar.

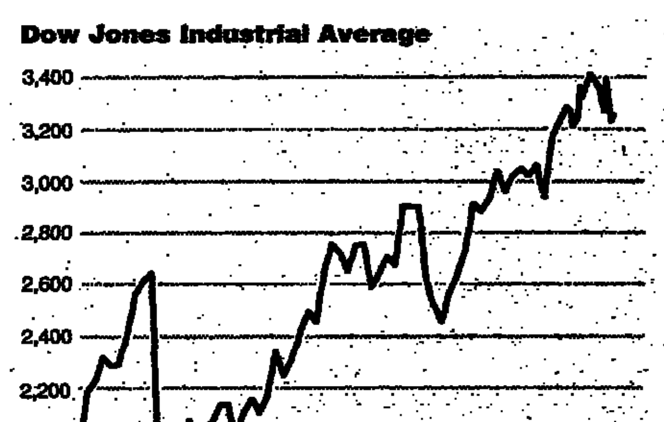
So, too, was the political hole President Bush had dug for *himself in a re-election battle* that only a year ago was supposed to be a shoo-in for the incumbent.

Moreover, the fact that almost every central bank worth its salt was in the markets trying to prop up the dollar served only to convince foreign exchange dealers that the currency was heading in one direction – down.

While there were plenty of reasons for the dealers to sell the dollar, the logic for such a strongly negative reaction from bond and stock markets was less obviously compelling.

There are two standard explanations why a weak dollar prompts bond prices to fall. The first is that it raises import prices and, as a result, adds to inflationary pressures.

The second is that it makes it hard for the Fed to engineer another cut in interest rates to stimulate the flagging recovery, and raises the possibility that rates may actually have to go up to protect the currency.



Source: Datastream

The first explanation is not particularly convincing – imports account for not much more than 10 per cent of US gross domestic product, so higher import prices do not greatly effect the overall price level, which is now around 3 per cent and heading lower.

The second explanation carries more weight. Although there is not much chance, given the present economic and political climate, that the Fed will raise rates to help the dollar, there is little doubt that the currency's weakness makes it extremely difficult for the Fed to ease monetary policy again.

The fear that the Fed may be done with interest rate cuts for the present economic cycle was also behind the selling in equity markets. But investors in stocks were equally, if not more, troubled by the rise in bond yields.

Just over a week ago, the *yield on the benchmark 30-year* bond, which has remained stubbornly high all year despite the poor state of the economy, looked as if it might drop below 7.3 per cent.

The dollar put paid to those hopes and, by the middle of this week, it was approaching 7.45 per cent, putting an upward pressure on the all-important mortgage rate for home-buyers.

The dollar was not the only story in financial markets this week, and the devastating effect of Hurricane Andrew produced a typically hard-eyed, although nonetheless logical, reaction from Wall Street.

The stocks of those insurance companies with the greatest exposure in southern Florida, the area hit worst by the hurricane, all took a tumble. But the relatively modest losses in Geico, Travelers and Progressive suggested that the market believed the insurers were reserved or reinsured adequately enough to cover hurricane-related claims.

The flip side of the hurricane's coin was a strong showing from the stocks of home construction companies expected to benefit from demand for rebuilding damaged or destroyed homes. Since there are an estimated 250,000 people left homeless by the storm, there is a lot of work to be done.

The biggest gains among construction stocks this week were posted by Lennar, Oakwood Homes, Engle Homes and Fleetwood, the largest maker of pre-manufactured homes in the US.

Patrick Harverson

Monday	3228.17	– 25.93
Tuesday	3232.22	+ 04.95
Wednesday	3246.81	+ 14.59
Thursday	3254.64	+ 07.83
Friday		

The Bottom Line

What should we tell Sid now?

SID, the unseen star of British Gas's advertising campaign before privatisation in 1986, may be wondering whether he was right to hold on to his shares.

He has seen the company plunged into a year of uncertainty by the Monopolies and Mergers Commission review of the UK gas market, and this week reporting a one-third fall in profits for the first half-year.

But BG shares have their advantages. They offer the security of a utility, and are yielding 8 per cent - matched by few other stocks in the market. Philip Rogerson, finance director, has also reiterated the company's commitment to increasing its dividend in real terms.

Moreover, while some analysts predicted the share price would begin to slide after the MMC inquiry was announced, it has held its value. Paul Spedding, analyst with Kleinwort Benson, says it could even rise if investors continue their dash for safety into the utilities sector.

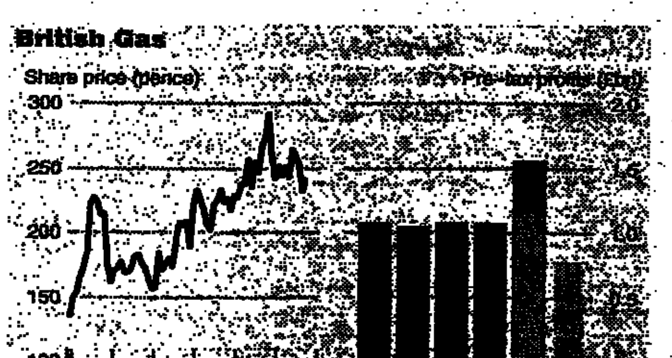
He adds that this week's fall in half-year profits to £778m from £1,156m on a current cost basis, was disappointing, but well above the more pessimistic forecasts.

The most important question is whether the security factor is undermined by the regulatory pressures on earnings and, ultimately, whether these pressures will be eased by the MMC inquiry.

British Gas presently finds itself between a rock and a hard place.

On one hand, it must abide by the tough formula it agreed with Ofgas, the industry regulator, limiting price rises to five percentage points below the rate of inflation. This has already brought price cuts totalling 5 per cent to domestic customers – lopping £300m off sales values over a full year.

On the other, an agreement with the Office of Fair Trading means BG must watch its share of the industrial market progressively eroded. Competing marketers now supply



Source: Datastream

more than 30 per cent of the firm contract market.

Meanwhile, scope for cost-cutting to protect margins has been severely limited by the MMC inquiry. Cedric Brown, chief executive, said this week BG was not prepared to undertake radical measures when the whole regulatory framework could change in a year's time.

"Sid bought the shares for their core utility earnings," says Simon Flowers, analyst at County NatWest in Edinburgh. "But those earnings are being gradually eaten away by the edicts of the regulators."

He adds that while BG aims to replace lost profits by enlarging its exploration and production and global gas businesses - with a target of increasing their combined contribution to group earnings from around 20 per cent to 60 per cent - this will take some years.

In the short-term, only a colder-than-usual second half year is likely to allow full-year year earnings to reach last year's level. Most analysts see after-tax income of around £1bn to £1.1bn, compared with last year's £1,164m.

They believe the interim dividend of 6.4p points to a yearly pay-out of 14.2p, up just under 6 per cent from last year's 13.4p. As BG's business begins to tilt towards exploration and production, however, there may be less scope for dividend growth. Exploration and production businesses cannot afford to pay out such a high proportion of their earnings in dividends as utilities, due to their greater investment needs.

Looming large over all these considerations is the MMC inquiry. This could rewrite any of the agreements on prices and market share, but what BG wants most is to be allowed a fair rate of return on its pipeline and storage business.

Analysts suggest that the MMC may agree, recognising that adequate returns on investment not just for BG but for its competitors are needed to safeguard the growth of the industry.

It could, of course, go further and recommend the break-up of BG. Analysts are divided on whether this could unlock shareholder value.

Spedding says the real decision for small investors is not whether to move out of British Gas and into other stocks, but whether to switch from equities into bonds or cash.

"I view British Gas almost as a kind of index-linked gilt," he says, "but at a yield of 8 per cent, I'm getting a lot better return than I would from a gilt."

Don't forget to tell Sid.

Neil Buckley

Counting the losses of with-profits policies

***John Authers** considers a big problem for actuaries*

YOU MIGHT think Norman Lamont, the chancellor, has difficulties reconciling the demands of the currency markets and the UK economy. But the actuaries who determine the bonuses payable on with-profits policies know exactly how he feels.

The with-profits policy has been the staple product of the life insurance industry. The beauty of the product was the combination of a guaranteed sum, with stock market growth on top. Delivering those rewards was simple while share prices were rising. Now that markets appear to be locked into lower performance, those guarantees grow much more expensive.

Actuaries are hemmed in on both sides – both past performance, and projections for the future, put pay-outs under extreme pressure. None of this is good news for the UK's mortgage-holders, as the bulk of mortgages are backed by with-profits endowments.

This week, Guardian Royal Exchange rang alarms by announcing it would stop selling conventional with-profits policies. Instead, it will sell policies which require lower capital reserves when first established. This follows the move of Standard Life, which last November stopped offering conventional with-profits policies for supporting mortgages (although contracts are still available for other purposes).

GRE went on to claim that the bonuses paid by other life offices could not be sustained. James Morley, finance director, said it was possible that, in the industry as a whole, some policies might not pay enough to cover mortgages. He added: "Membership of the ERM means low inflation and low returns from equities. Paying out bonuses requires a high rate of return. If you are getting a low rate of return from your assets, you have a mismatch which can be addressed only by reducing bonus rates."

This echoes arguments from Norwich Union, which last year cut bonuses and switched out of equities to take a 16 per cent holding in bonds – having held no bonds a year earlier.

A GRE spokesman said: "We believe that the returns being declared by other companies simply cannot be sustained. The historical returns we got in the 1980s cannot be maintained in the 1990s."

These arguments may sound abstruse, but they are important. Most people in the UK hold a with-profits investment. Many in the industry agree with GRE's line.

Whether with-profits policies will fail to pay off the mortgage is dubious, but they look a much less exciting investment than they did. Many people will not even regard a with-profits policy as an "investment" at all as it comes with "guarantees." But that is changing. The recession has forced life insurers to confront difficulties which had been masked by the complex bonus system used to distribute investment profits.

The alarm bells are sounding for a staple product of the life insurance industry

When you invest in a with-profits fund, some of your money goes into bonds and property but most goes into the stock market, as in a unit-linked fund. The core of the with-profits system is two forms of bonus:

■ Reversionary bonuses, which are added annually and cannot be taken away if a policy is held to maturity. These are expressed as a percentage of an underlying "sum assured." If you have an endowment policy and die during its term, your relatives will receive the sum assured plus all the accrued reversionary bonuses. They will not, however, receive:

■ Terminal bonuses, which are added to the value of a policy only when it matures. These give the fund managers scope to profit from strong equity market performance.

They are meant to reflect performance over the last few years of the policy, but should also take some account of earlier performance which has not been passed on to investors adequately through reversionary bonuses. Terminal bonuses can be cut from one year to the next if the markets require it.

If you keep the policy for its duration – for a mortgage, this will almost always be 25 years – the "maturity value" you receive will be the sum assured plus all reversionary bonuses plus the terminal bonus. Note, therefore, that the sum assured – all that you are technically guaranteed at the beginning of the contract – is a tiny proportion of what you might hope to get in a pay-out.

The attraction of the bonus system is that it allows the peaks and troughs of the market to be smoothed. Actuaries can award a healthy bonus in a bad year, if they forecast good performance in the future, and need not pass on all the gain from a good year if it is obviously exceptional.

Since 1987, though, the UK market has had a succession of poor years. Actuaries have assumed repeatedly that better returns will come along, and have awarded bonuses accordingly. Now, according to Angela Cooper, of actuary Noble Lowndes, "realism must creep back into calculations."

Any reductions will be smoothed, to an extent, but returns still seem certain to administer an uncomfortable jolt. Charles Cannon, actuary with Mercer Fraser, says: "Looking at the past five years, it is clear that the bonuses being paid out by some companies are greater than could have been earned by the funds over those five years."

After reserves have been used for a few years, an office's freedom of action is impeded. The law obliges them to keep a certain proportion of their funds in relatively risk-free assets. So offices can find themselves required to forego some of the gains that might be available in equities.

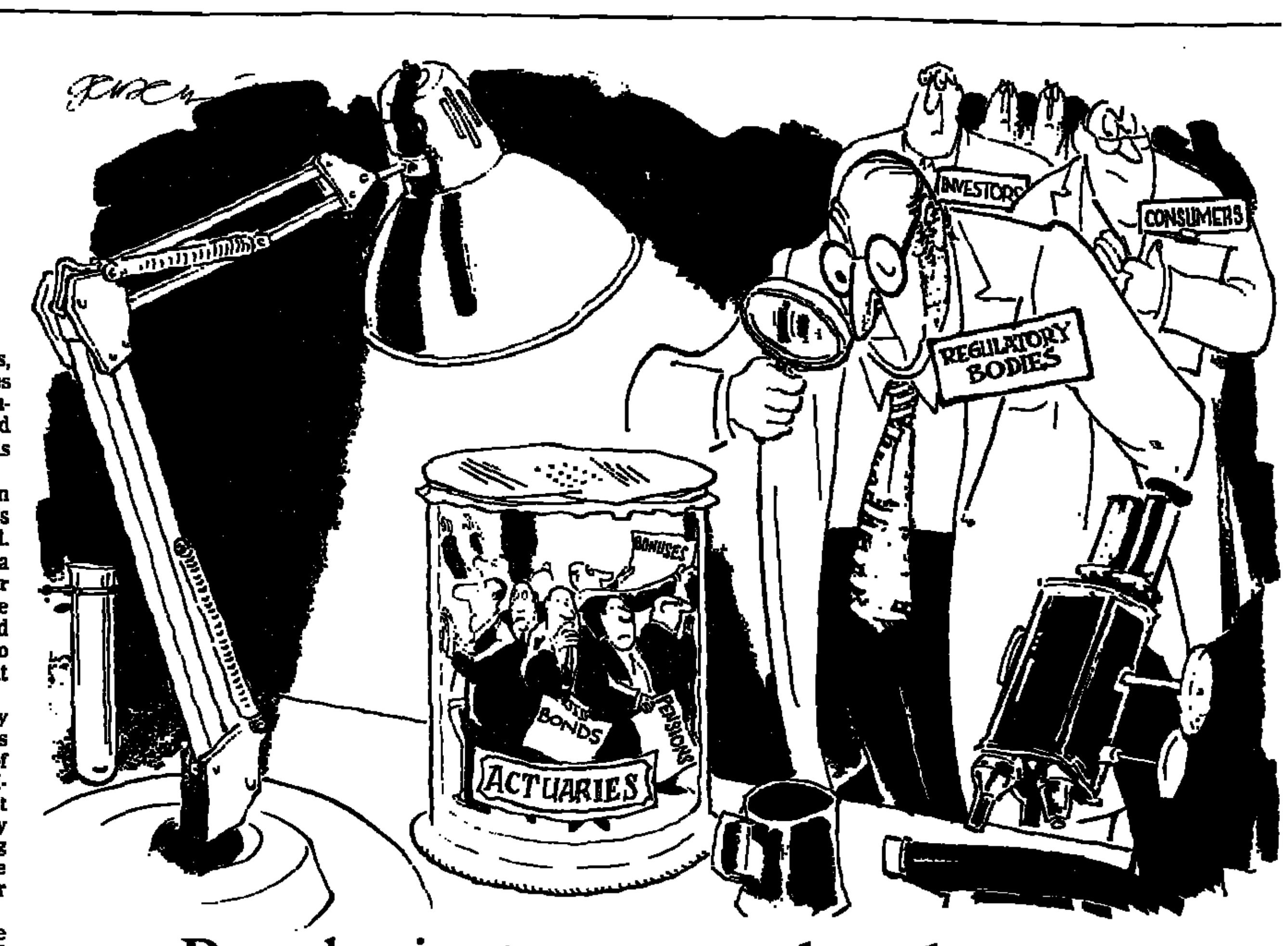
Nick Dumbreck, actuary with R. Watson, put it this way: "We've seen a number of offices switching out of equities and into fixed interest, not necessarily because they believe fixed interest is going to perform better but because they need it to maintain cover for their solvency margins."

Preliminary evidence (see below) from the returns filed by life companies to the department of trade and industry indicate that free assets are under stress, although this is a complicated area and there is room for argument. Companies with low ratios, such as Norwich Union and Scottish Equitable, have made well-publicised switches to bonds.

Then there is the impact of past business. It is not difficult to pay out large bonuses if relatively few people bought policies 25 years ago or hefty amounts of new money are being attracted. But when many policies mature together, life could get more awkward.

Business in 10-year policies was strong in 1984 because tax relief on premiums was removed that year. Paying for these policies when they mature in 1994 will cost money. Later on, the 25-year policies taken out in the mid-1980s' peak of the property market will also exert a strain.

None of this is good news. Rosy expectations of hefty payments should perhaps be abandoned. For those unencumbered by an endowment these developments strengthen the case for keeping it that way.



Bonds: just too good to be true

WITH-profits bonds are beginning to look misnamed. In theory they sound wonderful. They allow for lump sum investments in the same with-profits funds which life companies use for endowments.

Each bond buys a number of units within the fund. Reversionary bonuses are declared and added to the value of the bond each year, along – normally – with a terminal bonus when surrendered.

The bonds are open-ended, so investors can cash them at any time. This has made them a top seller over the last two years. For example, Prudential took £350m for its Prudence Bond in the first six months of this year, and Norwich Union's bond took £700m last year.

This begins to look too good to be true. And, indeed, it is. This week, Lautro, the life assurance watchdog, bit into the claims which had been made when selling the bonds.

After reviewing the promotional material for the bonds, Lautro ordered 13 companies – more than half of the 22 which have sold them – to withdraw some advertising. Of the 13, Equity & Law and London & Manchester were told to write to clients to clarify the bond's characteristics.

Any clients of these two companies who claim, on receiving clarification, that they had been misled, will be entitled to refunds.

So what was the problem? First, some claims were exaggerated. In particular, the watchdogs disliked the comparison many sales agents made with building society accounts. As must be the case with any with-profits investment, these bonds simply do not have the flexibility of a building society.

But the problem goes beyond flexibility and convenience. These bonds also lack the security, not only of building societies, but also of other with-profits policies.

This is because offices retain the right to make a Market Value Adjustment (MVA) when the bonds are surrendered. A reversionary bonus may be declared, but if market performance has been poor, the life office can withhold it by applying an MVA.

There are valid reasons for this. Taking on big commitments in one go puts strain on life funds. This is hard enough to cope with when the money will not need to be paid out for 25 years. Paying out full reversionary bonuses after a year, when the market has fallen, would harm the funds of longer-term savers.

There would also be the danger of investors exploiting the fund – selling when the market was at the bottom, and reinvesting elsewhere.

So the actuaries need the MVA as a defence. Indeed, the MVA is as central to a with-profits bond as are reversionary and terminal bonuses.

Unfortunately, MVAs did not look that way from the advertising. And, while actuaries need to make public bonus announcements, they have almost total discretion over how to apply an MVA. This is bad news for investors. For example, Equity & Law, recently applied an MVA of 11 per cent – in other words, it took the value of the orignal investment plus bonuses, and then took off 11 per cent. The investor had bought on September 1991, and sold in July this year, a ridiculously short timespan for a with-profits investment, and as a result he was down on the deal.

The bonds are not the greatest of news for life offices either. Norwich Union withdrew its bond citing capital strain, while several others are withdrawing early.

These include Scottish Provident. Its bond proved popular because it guarantees not to apply MVAs on death, on regularly drawn income, or on the bond's fifth anniversary. It does not have a building society's flexibility, but at least it has some security.

Otherwise, the bonds, like endowments, should only be considered by those who can look to the very long term.

CRUNCHING THE NUMBERS

■ Will a with-profits policy repay your mortgage?

The economy must get much worse before there is any danger of this happening. Mortgage endowments are written on very conservative assumptions: premiums are normally fixed so that the maturity value will pay off your mortgage exactly if there is no terminal bonus at all, and reversionary bonuses continue at only 80 per cent of their current rate.

For many offices, terminal bonuses make up more than half their final pay-outs. Money Management magazine's latest survey of with-profits pay-outs says that this applies to eight out of the top ten paying offices for 25-year contracts – for example, Standard Life pays 61.5 per cent in terminal bonus, Scottish Life pays 60 per cent, and Equity & Law pays 62.0 per cent. In many cases total pay-outs would need to fall by more than half before failing to pay a mortgage.

■ Which is the cheapest with-profits policy?

Offices with high reversionary bonuses usually offer the lowest premiums for paying off a set mortgage. According to Money Management, the lowest premiums on endowments come from Eagle Star (£47.80 for a 24-year-old man with a sum assured of £40,000) and Tunbridge Wells (for 30-year-old and 40-year-old couples). Other offices named by Money Management as low-cost are: Royal Life, Standard Life, Friends Provident, Pearl and Scottish Widows.

■ Which is the highest paying with-profits policy?

League tables are available, but cannot predict the future. Money Management says that the top 25-year pay-outs this year, assuming the policies were for £30 per month and started by a 29-year-old man were: £110,771 by Commercial Union, £110,399 by Standard Life, £110,093 by General Accident, £108,200 by Scottish Life, and £106,948 by Friends Provident.

■ Which company has the strongest reserves?

Only very raw data is available on this, which should be treated with great caution. According to Money Marketing, returns made by life companies to the Department of Trade and Industry show that "free-asset ratios" are falling. This is the technical term for the amount by which a company's assets exceeds its liabilities. Money Marketing's figures show that Pearl (29.6 per cent), Commercial Union (23.6), Equity & Law (23.2) and GA Life (22.7) are all relatively strong, while Equitable Life (2.6), NPI (4.6), Scottish Amicable (5.6), Norwich Union (6) and Scottish Life (6) have much smaller margins.

Capital gains tax: your July allowances

THE TABLE shows capital gains tax allowances for assets sold in July.

To use it, multiply the original cost of the asset by the figure shown for the month in which you bought it.

If you subtract the result from the proceeds of your sale, the difference will be your taxable gain or loss.

Suppose that you bought shares for £6,000 in February 1985 and sold them in July 1992 for £14,000. Multiplying the original cost by the February 1985 figure of 1.510 gives a total of £9,060.

Subtracting that from the proceeds of £14,000 gives a gain for tax purposes of £4,940 – which is below the 1992-93 £5,800 capital gains tax allowance. If you realised no other gains during the year, the profit should be tax-free.

If you are selling shares bought before April 6 1982, you should use the March 1982 figure.

CGT INDEXATION ALLOWANCES: JULY

Month	1982	1983	1984	1985	1986	1987
January	-	1.680	1.598	1.522	1.442	1.388
February	-	1.673	1.592	1.510	1.437	1.382
March	1.747	1.670	1.587	1.496	1.435	1.380
April	1.713	1.647	1.566	1.464	1.421	1.363
May	1.701	1.640	1.560	1.458	1.419	1.362
June	1.696	1.636	1.556	1.455	1.419	1.362
July	1.695	1.627	1.558	1.457	1.423	1.363
August	1.695	1.620	1.543	1.454	1.419	1.359
September	1.696	1.613	1.540	1.454	1.412	1.355
October	1.687	1.607	1.531	1.452	1.410	1.349
November	1.679	1.602	1.526	1.447	1.398	1.342
December	1.682	1.597	1.527	1.445	1.393	1.344

Month	1988	1989	1990	1991	1992
January	1.344	1.250	1.162	1.066	1.024
February	1.338	1.242	1.155	1.060	1.018
March	1.333	1.236	1.143	1.056	1.015
April	1.312	1.214	1.110	1.043	1.000
May	1.307	1.207	1.100	1.040	1.000
June	1.302	1.203	1.096	1.035	1.000
July	1.301	1.202	1.095	1.037	-
August	1.286	1.199	1.084	1.035	-
September	1.280	1.190	1.073	1.031	-
October	1.268	1.181	1.065	1.027	-
November	1.262	1.171	1.068	1.024	-
December	1.258	1.168	1.069	1.023	-

Source: Inland Revenue

Pensions may be split in divorces

***Scheherazade Daneshkhu** on moves to give women a share of their ex-husbands' pensions*

A FURTHER step towards the day when many divorced women will be entitled to half their husband's pension was taken this week. The National Association of Pension Funds, the industry's trade association, is proposing a split of pension rights when divorce occurs.

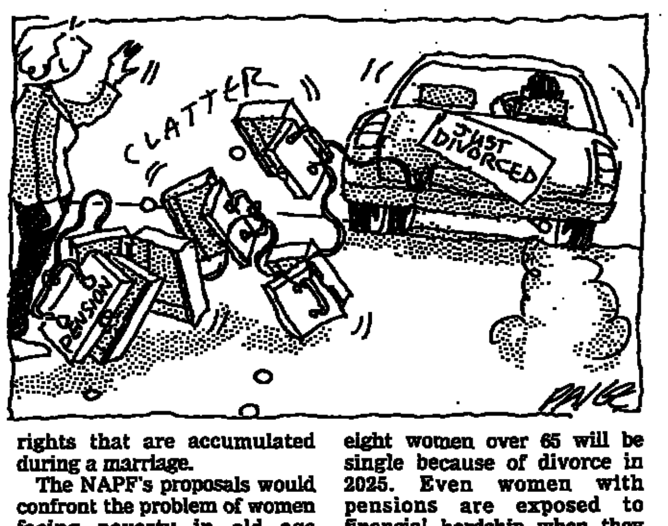
Brian MacMahon, the chairman, emphasised the inequality in the present system. "If it is right for assets to be divided on divorce, it must be wrong to ignore what is one of the biggest assets, particularly when those rights are becoming increasingly significant and when one-third of marriages ends in divorce," he said.

The NAPF is recommending that courts be given the power to divide pension rights on divorce, regardless of whether the pension is occupational, personal or state earnings-related. This has important implications for married women. Many have little or no pension of their own, relying instead on their husband's or the basic state pension.

During a divorce, their pension rights are left to the discretion of the courts or – in cases where pension benefits are ignored – the ex-wife is left to compete with a new wife for pension payments.

"The present law is impractical," says James Marcus, a partner at Gordon Dadds, a legal firm specialising in divorce. "In many cases, the husband does not have sufficient other assets to compensate the wife for the loss of pension rights on divorce."

The situation is different in Scotland where "matrimonial property" includes the proportion of pension and insurance rights that are accumulated during a marriage.



The NAPF's proposals would confront the problem of women facing poverty in old age because of divorce. The association says that one in eight women over 65 will be single because of divorce in 2025. Even women with pensions are exposed to financial hardship when they retire because of the time taken off in their working lives to look after children.

In a study of women and personal pensions, the Equal Opportunities Commission has predicted that 64 per cent of women retiring with pensions in 2023 will be below the poverty line, (assuming state benefits are up-rated in line with prices, and a real rate of return of 0.5 per cent on personal pensions).

The main difficulty with pension-splitting on divorce has been assessing the value of the pension and deciding the most equitable way of allotting it. The NAPF is recommending that pension rights earned during a marriage should be based on the present value of a pension calculated in the same way as for a transfer. It would be revalued to allow for inflation up to retirement.

Half this amount would be paid to the divorced wife, who could use it only to buy a pension – she could not take cash instead. The husband's pension would thus be reduced at retirement. The split of rights would not be delayed until retirement but would take place at the time of divorce.

The NAPF does not, however, believe that pension rights should be split when a marriage has lasted less than two years or when the difference between the pension rights of the couple is less than £5,000.

The recommendations are in response to proposals put forward by a Pensions Management Institute working group on pension and divorce, which was set up in February. But the NAPF says it does not expect pension-splitting on divorce to be made law in this parliament.

Mixed news for owners of farms and businesses

***Caroline Garnham** unravels a complex set of IHT rules*

INVESTMENTS in agricultural land and business property have been eligible for inheritance tax (IHT) relief at 100 per cent since March. This means that these investments can be passed on to the next generation on death, or put into discretionary trusts during your life, completely free of IHT.

This is good news – or is it? There would appear to be a lot of people who are not at all pleased.

For a start, not all agricultural land or business property qualifies for the full 100 per cent relief, only:

- Interests in unincorporated businesses.
- Holdings above 25 per cent in unquoted companies and 25 per cent in USM companies.
- Owner-occupied farmland, which includes farmland where the farmer can obtain vacant possession in 12 months.
- Farm tenancies.

If, therefore, you have a controlling holding in a fully-quoted company or an interest in permanently-let farmland, you will not get the full 100 per cent relief although you might be entitled to a reduced relief of 50 per cent.

Even if you have, or are able to buy, the right type of investment, the relief still will be refused if you have not owned it for two years (or seven years if it is agricultural land). But it is not the restrictions on the reliefs which make them so unpopular, but the lack of them.

Under long-standing rules, you can make a gift to your children free of IHT provided you do not die within the next seven years. This gift also attracts a deferral of capital gains tax (CGT) if it is an interest in a business, shares in an unquoted company, or shares in your family company.

These rules created an incentive for an entrepreneur to pass on his business to his children during his lifetime, before he was too old to spoil it for them. But this incentive has been superseded. With the introduction of the new relief, more are inclined to hang on to their businesses until death. Exemption can then be guaranteed, not only for CGT but also from IHT.

It is, however, possible to pass on your business, or the shares in your family trading company, during your lifetime and be guaranteed the exemptions. You can settle your business interests in a trust, appointing your children as trustees and yourself as life tenant. In this way, they will have control of the business but, for IHT and CGT purposes, it stays with you. When you die, your estate can take advantage of both the CGT exemption and the new IHT provisions.

As life tenant, you will be entitled to the company share income; but this does not mean you need to deprive your children. You could create a class of preferred shares with dividend rights but few, if any, rights on a winding-up of the company. The value of the company would then remain in the settled shares.

A similar, if not more vociferous, criticism is focused on the increase of relief for agricultural land. But, in this case, it is not just limited to the impatient children of landowners.

The Tenant Farmers' Association fears for the future of its members. To get the full 100 per cent relief for themselves, landowners are more likely in the future to want a share farming arrangement than an agricultural tenancy. This arrangement would not only deprive farm managers of their relief but, more importantly, of their security of tenure.

The criticism does not stop with the tenant farmers. The Ramblers' Association, English Nature and the Countryside Commission also are up in arms, although for a different reason.

Land of outstanding scenic, historic or scientific interest, and buildings of outstanding historic or architectural interest, can be passed on to the next generation (or into a discretionary trust free of IHT) if the Treasury designates the land as such and undertakings are given over public access and proper maintainance.

Under the new provisions, though, a "designated building" probably will qualify for total exemption if it is run as a business; and land of outstanding scenic, historic or scientific interest will qualify if it is agricultural.

The result is that IHT relief will be available without any undertakings on public access or proper maintenance. This is a retrograde step and will disappoint all those concerned about the English heritage.

■ *Caroline Garnham is a tax and trusts lawyer for the City firm of Simmons & Simmons.*

The cost of credit card queries

SOME OF the credit card charges being introduced by banks are more insidious than they look. It now seems that if customers dispute a transaction, they may in some cases be charged for having the item checked and a replacement voucher provided.

An *FT* reader writes that he is trying to get Barclaycard to investigate why he appears to have paid twice for a British Airways London to Glasgow air ticket. He notes that he was travelling with a colleague who shared the same surname and also paid by Barclaycard.

A letter to Barclaycard produced a promise to check out the details – and a warning that, if he was wrong, he would be charged £3.

Credit card operations are highly computerised these days and there is little personal service. A customer who rings an issuer is likely to be sent a cumbersome form to be filled-in, rather than being given an on-the-spot explanation.

Barclaycard sticks to its guns on this. "It is very costly for us to go back to the original bank which issued the voucher to the retailer and request a copy of it. The £3 charge, in fact, doesn't even cover the cost of doing that," a spokeswoman said.

She added: "It is sometimes the case that people simply forget what they have paid for, or don't keep their vouchers, so we may have to charge them for issuing duplicate ones."

No other mass retailer would dream of charging customers for writing them a letter or checking their account details to see if they are accurate. Banks commonly make mistakes and, as some of them admit in private, these tend to be at the customer's expense. If clients know they may be fined for challenging a payment, they will be even slower to defend their rights.

David Barchard

The Week Ahead

THE interim results season, which had taken a breather during most of August, springs back to life on Thursday with a large clutch of companies reporting.

Williams Holdings, the industrial conglomerate, is expected to have suffered a fall in half-year pre-tax profits from £76.5m to around £73m. Earnings per share are also likely to be down to 10.5p from 10.9p. The interim dividend is expected to be unchanged at 5p.

Most of Williams' divisions have been affected by the recession on both sides of the Atlantic and are expected to show a fall in profits. This is expected to have more than offset profit contributions from Yale and Valor, the locks and domestic appliances group, bought last year in an agreed deal.

Rolls-Royce, the aircraft engine maker, continues to claw its way back from its dismal interim results last year. Pre-tax profits should be back to nearly £40m from £11m a year earlier. A positive factor has been the slow recovery in sales of engine spares which had plunged because of reduced flying during the Gulf War.

Burmah Castrol, the lubricants, chemicals and fuels company, is expected to announce interim pre-tax profits for the six months to 30 June of about £78m, resulting in net income after tax and minorities of about £39m. This compares with profits and net income of £72.2m and £33m respectively for the first half of last year.

Lubricants, which include Castrol automotive oils, is expected to have performed well although the chemicals division is expected to be down because of weak world markets. Foseco, the chemicals company acquired in 1990, is thought to have had another difficult half.

Ladbroke should edge ahead about 5 per cent to interim pre-tax profits of £100m-£105m. Its Hilton hotels have been helped by their geographic spread; betting has come under some pressure; property remains a problem; and Texas Homecare is engaged in a price war with other DIY chains.

T&N is likely to turn in a creditable £30m in interim pre-tax profits, up from £20.3m a year earlier. Although the car parts business remains very tough, it has picked up market share and won orders on new vehicle models.

Reckitt & Colman, the food and household products maker, has had a static first half with pre-tax profits close to last year's £128m.

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Scarborough BS	First Post	0800 590578	Instant	£250	10.00%	Yly
Norwich & Peterborough BS	Post Master	0733 371371	Instant	£1,000	10.25%	Yly
Britannia BS	Capital Trust	0800 654456	Instant	£2,000	10.40%	Yly
North of England BS	Edinburgh A/C	031 220 6991	Instant	£25,000	10.75%	Yly
Allied Trust Bank	3 Mth Notice A/C	071 626 0879	3 Month	£2,001	10.91%	Yly
Skipton BS	Imperial Bond	0756 700500	7.8.94	£5,000	11.00#	Yly
Chelsea BS	Premier A/C IV	0800 272505	31.1.95	£10,000	11.75♣	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	12.68%	Yly
Julian Hodge Bank		0222 220800	5 Year	£20	12.50%	Yly
National Counties BS		0372 742211	5 Year	£3,000	12.00%	Yly
West Bromwich BS		021 525 7070	5 Year	£150	11.60%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	9.50%	Yly
UDT	Capital Plus	0734 580411	Instant	£1,000	9.40%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	9.60%	Yly
				£25,000	10.10%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey Ltd	Intl Gross	0481 715735	Instant	£500	9.50%	Yly
Yorkshire Guernsey BS	Key Ninety	0481 719898	90 Day	£50,000	10.55%	Yly
Yorkshire Guernsey BS	Key Term Share	0481 719898	31.8.93	£10,000	11.00%	OM
				£25,000	11.25%	OM
				£50,000	11.75%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0800 521546	1 Year	£25,000	8.75%	Yly
Financial Assurance FN		081 367 6000	2 Year	£5,000	8.20%	Yly
Prosperity Life FN		0800 521546	3 Year	£15,000	8.65%	Yly
Aegon FN		071 538 8800	4 Year	£50,000	8.55%	Yly
Laurentian Life FN		0452 371371	5 Year	£50,000	8.65%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	8.25%	Yly
	Income Bonds	wef 18.9.92	3 Month	£2,000	9.00%	Mly
	Capital Bonds E		5 Year	£100	10.00F	OM
	First Option Bond		12 Mths	£1,000	9.67%	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	38th Issue		5 Year	£25	7.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +infln	OM
	Childrens Bond C		*5 Year*	*£25*	*10.10F*	*OM*

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = interest paid on maturity. N = Net Rate. B = Bond. # = Rate fixed until 31.1.93. ♣ = Rate fixed until 1.2.93.
Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich. Readers can obtain a complimentary copy by phoning 0692 582808.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
	Prices in pence unless otherwise indicated				
Continuous Stat	40*	38	34	6.80	Prontaprint
Gibbs Mew	200*	188	183	11.00	Bylerly Invts
Henlys	85	67	52	32.15	Cowie (T)
JS Pathology	175*	170	154	23.06	Corning
Magnetic Mats ‡	60	59	59	11.00	TT Group
Penny & Giles	295§§	350	235	28.56	Bowthorpe
Templeton G'braith	$6*♣	288p	296p	$913m ♣	Franklin

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional **Based on 2.30 pm prices 28/8/92. §§Shares & cash. ♣ Sterling equivalent £3.13 (value per share), £478m (total value).

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aerospace Eng	Apr	64 L	(2,240)	-	(4.38)	1.0	(3.12)
Boscombe Prop	Mar	351	(245)	262.2	(181.9)	180.0	(130.0)
Cook (DC)	Apr	121	(1,480 L)	1.08	(-)	0.5	(1.0)
County Smaller Co's	Jun	-	(-)	3.17	(-)	3.0	(-)
Darby Group	Feb	285	(1,510)	2.51	(9.31)	2.0	(3.3)
Eng & Caledonian	Jun	325	(179)	5.46	(2.99)	3.75	(3.15)
London & Metro	Dec	26,000 L	(100,300L)	-	(-)	-	(-)
Murray Income Tst	Jun	12,050	(11,670)	10.64	(10.37)	10.6	(9.9)
Northamber	Apr	2,750 L	(1,560 L)	-	(-)	0.5	(2.5)
Ratners Group	Feb	122,300 L	(112,100)	-	(25.0)	2.4	(10.0)
River & Merc Smaller	July	924‡	(1,230‡)	3.69	(4.93)	3.9	(4.12)
Smith (WH)	May	112,700	(89,000)	31.5	(28.2)	13.4	(12.5)
TR European Growth	Jun	1,340	(1,850)	2.29	(3.14)	1.35	(1.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Amicable Smaller	*Jun*	-	(-)	1.7	(-)
Baillie Gifford	July	54 L†	(79 L†)	-	(-)
Beauford	Jun	218 L	(240 L)	-	(1.85)
Bisichi Mining	Jun	78	(78)	-	(-)
Bradford & Bingley	Jun	38,900	(52,900)	-	(-)
Bridon	Jun	700	(100)	1.25	(2.5)
British Gas	Jun	778,000	(1.16bn)	6.4	(4.25)
Cannon Street Inv	Jun	21,500 L	(2,800)	-	(3.3)
Cattle's Hldgs	Jun	5,200	(3,900)	1.6	(1.5)
Church & Co	Jun	244	(14)	3.0	(3.0)
Clondalkin Group	Jun♠	6,170	(5,610)	1.83	(1.7)
Daniels (S)	Jun	105 L	(8 L)	-	(-)
Ecclesiastical Ins	Jun	3,650	(2,160 L)	-	(-)
EFT Group	Jun	706	(510)	0.4	(0.33)
Epwin Group	Jun	1,310	(1,230)	2.1	(2.1)
Fleming High Inc	July♣	-	(-)	1.45	(1.45)
Friendly Hotels	Jun	908	(1,350)	2.2	(2.2)
Graseby	Jun	4,600	(5,100)	3.3	(3.3)
GRE	Jun	39,000 L	(68,000L)	2.5	(4.4)
Hambro Countrywide	Jun	4,640 L	(4,250 L)	0.05	(0.05)
Hibernian Group	Jun♠	8,650	(2,840)	2.1	(1.9)
Ingham	Jun	135	(26)	1.5	(1.0)
Irish Continental	Jun♠	4,090 L	(1,490 L)	-	(-)
Jones (A)	Jun	26 L	(117 L)	-	(-)
Kerry Group	Jun♠	10,600	(9,010)	0.79	(0.75)
Latin American Inv	Jun♥	313	(579)	-	(-)
Legal & Gen America	Jun♥	31,000	(3,900)	-	(-)
Lionheart	Jun	1,100	(768)	0.2	(-)
London Fin & Inv	Jun	120	(290)	-	(-)
Mallett	Jun	485 L	(680)	-	(1.5)
Mayflower Corp	Jun	1,580	(12)	0.4	(-)
Mersey Docks	Jun	7,830	(5,460)	2.5	(2.0)
Molynx Holdings	Jun	45	(1,100)	1.3	(1.3)
Monument Oil & Gas	Jun	2,100	(3,640)	-	(-)
Murray Int'l Tst	Jun	8,650	(9,070)	2.6	(-)
Needler Corp	Jun●	1,400	(1,500)	2.5	(2.5)
New Guernsey Sec	Jun	13	(20)	-	(-)
New Zealand Inv Tst	July∓	155‡	(256‡)	0.5#	(0.5#)
Paribas French Inv	Jun	275	(365)	-	(-)
Porth Group	Jun	1,840 L	(1,820 L)	-	(-)
Printech Int'l	Jun♠	1,710	(1,690)	0.9	(0.8)
Schroder Korea	Jun♥	180 L †	(-)	-	(-)
Scottish Eastern	July	7,690	(6,520)	0.5	(0.46)
Scottish Inv Tst	July∓	13,315◆	(11,457◆)	-	(-)
Seafield	Mar	1,460 L	(1,580 L)	-	(-)
Sleepy Kids	Apr	109 L	(62 L)	-	(-)
Slough Estates	Jun	33,600	(19,100)	3.1	(4.4)
Storm Group	Jun	407	(50)	-	(-)
Sumit	Jun	33	(111)	-	(-)
TR High Income	Jun	976	(607)	2.0	(2.8)
United Uniform	Jun	1,460	(1,420)	1.0	(1.0)
Wace Group	Jun	5,550	(7,860)	2.25	(2.25)
Wales City London	Jun	3,748	(4,570)	0.77	(0.77)
Weir Group	Jun	18,500	(15,050)	3.5	(3.1)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L loss. # = Third interim dividend. † = Net loss. ∓ = Figures for nine months. ‡ Net revenue. ♣ = First quarter figures. ♠ = Figures quoted in Irish pounds & pence. ● = Second quarter figures quoted in Canadian dollars & cents ♥ Figures quoted in US dollars. ◆ = Revenue before taxation.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Scottish Value Tst is to raise £14.2m via a placing & open offer.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
EFM Income Tst	Wednesday	1.2	1.275	-
Flogas	Tuesday	2.67	4.74	2.94
Haynes Publishing	Tuesday	1.0	1.5	2.5
Hong Kong Inv Tst	Friday	-	-	-
Industrial Control Services	Wednesday	-	-	-
Isotron	Wednesday	1.25	2.34	1.37
Selectv	Wednesday	-	-	-
INTERIM DIVIDENDS				
American Tst	Wednesday	1.5	3.3	-
Astec (BSR)	Tuesday	-	-	-
Barr & Wallace Arnold	Thursday	3.0	7.0	-
Bowater	Wednesday	9.5	12.5	-
Braime (TF & JH) Hldgs	Wednesday	2.25	6.5	-
Burmah Castrol	Thursday	8.5	15.5	-
Cakebread Robey	Wednesday	-	-	-
City & Commercial Inv Tst	Thursday	-	-	-
Consolidated Venture Tst	Thursday	-	1.5	-
Cookson Group	Thursday	3.0	3.0	-
Courtaulds Textiles	Thursday	4.2	8.8	-
CRH	Wednesday	2.15	4.3#	-
Cussins Property	Wednesday	-	-	-
Dewhirst Group	Tuesday	0.29	0.43	-
Edmond Holdings	Thursday	0.65	1.2	-
English & Overseas Props	Wednesday	0.5	0.5	-
Gibbs & Dandy	Friday	-	-	-
Grafton Group	Wednesday	2.5	3.75	-
Iceland Frozen Foods	Thursday	2.65	5.85	-
Invergordon Distillers	Wednesday	2.5	4.0	-
Johnston Press	Wednesday	2.0	3.5	-
Jourdan (Thomas)	Thursday	0.5	1.0	-
Ladbroke Group	Thursday	4.92	6.23	-
Laird Group	Friday	4.0	6.2	-
Merlin Int'l Grwn Inv	Thursday	1.5	1.65	-
Nestor-BNA	Thursday	1.15	2.0	-
Page (Michael) Group	Wednesday	0.6	1.2	-
Pearson	Friday	10.75	12.5	-
Pentos	Thursday	0.7	2.05	-
Persimmon	Tuesday	2.8	5.8	-
Pittencrieff	Friday	2.5	3.5	-
Provident Financial	Thursday	8.5	16.5	-
Psion	Wednesday	1.0	1.4	-
Readymix	Thursday	-	-	-
Reckitt & Colman	Thursday	5.55	9.55	-
Rolls Royce	Thursday	2.55	4.7	-
Serco Group	Wednesday	3.9	8.0	-
Senior Engineering	Wednesday	1.2	1.95	-
Singer & Friedlander	Thursday	1.0	1.5	-
Sun Alliance	Wednesday	5.25	9.0	-
Taylor Nelson AGB ∓	Friday	-	0.15	-
Thompson Clive Inv	Friday	-	3.8	-
T&N	Thursday	3.6	7.25	-
Torday & Carlisle	Tuesday	1.5	3.0	-
Trans World Comms	Thursday	-	-	-
Vinten Group	Thursday	1.8	4.8	-
Waterford Wedgwood	Thursday	-	-	-
Williams Holdings	*Thursday*	5.0	7.35	-
Wilson Bowden	Thursday	2.5	6.2	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ∓ = Formerly Addison Consultancy. # = Second interim dividend.

هكذا من الأصل

FINANCE AND THE FAMILY

IT WAS Hurricane Andrew in Florida but it is more likely to be Bill, your neighbourhood burglar, in the UK.

Whatever the disaster, if you do not have insurance for damage or loss to home contents, you may regret it.

The insurance company Top-UK estimates that around 10 per cent of homes are either not insured for loss to their contents or are underinsured.

One reason may be the rise in premiums over the past year because of the increased number of claims. This is caused by the substantial rise in crime, but insurance companies also believe that there has been an increase in fraudulent claims, with victims of theft exaggerating the value of their missing goods. The Association of British Insurers estimated in June that the cost of domestic crime claims had risen by up to 75 per cent last year compared with 1990.

As homeowners face up to heavier premiums, it becomes more and more important to obtain more than one quotation.

Many people are happy to buy a home contents policy through their mortgage provider – but they may be paying over the odds for the convenience. As the table shows, quotes vary widely between companies, because the cover they provide, while similar, is not identical.

Many companies offer the incentive of reduced premiums to those householders who fit security devices to windows and doors, or who are part of a Neighbourhood Watch scheme. Usually, the older you are, the lower the premium. Some insurers also offer no claims discounts, similar to motor insurance.

Don't play into the hands of Burglar Bill

*Soaring crime means higher home insurance premiums. **Scheherazade Daneshkhu** reports on what householders should look for*

Type of policy

The policy you choose depends on the type of cover you need and the amount that has to be insured. There are two basic types of policy: bedroom-rated cover, which is the more common, and sum-insured.

The first often represents better value for those needing larger amounts of cover, typically £30,000. "Insurers offering bedroom-rated policies know that the average person has not got £30,000 worth of goods to cover but around £16,000 instead," says Charles Stollery of Directline Insurance, which provides sum-insured cover. "For those with £30,000 of goods it is a very competitive deal, but those with £16,000 can do better elsewhere."

For many people, the drawback with sum-insured policies is that they are cumbersome. The homeowner has to estimate the value of all the home's contents, often needing to seek professional advice regarding the value of items and running the risk of under-estimating.

It was partly for these reasons that bedroom-rated policies took off in the 1980s. Countrywide Insurance says that premiums for bedroom-rated policies have been low for the amount of cover provided and an increase in premiums in this area may revive interest in sum-insured policies.

What the policy should cover

■ All policies should insure your possessions against disasters such as storm, flood, fire, earthquake, theft, vandalism, falling trees, riot/political disturbance and subsidence.

■ In addition, you should ensure the policy offers new for old cover and not simply indemnity, which only replaces the cost of the item with deduction for wear and tear. Note the exclusions to the new for old cover – some insurers will not extend this to carpets and curtains and most exclude clothes.

■ Accidental damage. Most companies provide cover for accidental damage to hi-fis, videos and home computers but you are likely to pay more to have accidental damage cover extended beyond those products.

■ Good policies should also pay for new locks if you lose your keys and temporary accommodation if your house is made uninhabitable. You should also be covered for legal liability. For example, if a visitor to the home sues you because the chandelier fell on his head, you would be covered for the claim, usually up to £1m.

■ Check that the policy has inflation protection and is adjusted in line with the Retail Prices Index every month.

■ Optionals: You can pay more to take out all-risks cover to cover your belongings outside the home. Extra insurance can also be taken out to cover cash in the home, which is usually insured to £250.

Where claims can fail

■ Note the exclusions to the policy. Many insurers have come up with user-friendly policies, stating clearly what is and is not covered. Vagueness on the part of the insurer can sometimes be to your advantage. The Insurance Ombudsman said in his 1990 annual report that in cases where the phrase "personal effects" is not clearly defined, "any uncertainty in construction must benefit the policyholder."

■ Most policies will not cover you if the house is left unoccupied for more than 30 days.

■ Colin Taylor of Frizzell Insurance says that people insure their basic contents but forget about their personal valuables, such as spectacles or watches. Another common failing is to forget that most insurers have a single article limit (usually around £1,000) and neglect to insure high value single items separately.

■ The Consumers' Association warns homeowners not to undervalue their possessions because insurance companies will pay only a portion of your claim and may not pay at all.

■ By the same token, if you have overvalued your possessions, you will only be paid what the insurance company calculates they are worth.

■ If you take in lodgers or rent out your home you must inform your insurance company as your cover will be affected.

ANNUAL COST OF HOME CONTENTS COVER Companies and premiums (£)

Area	AA	Cornhill	Countrywide	Direct Line	Frizzell	Gen Acc*	Nor Union	Royal Ins
London W9	384	refer**	refer	470	345	337	571	378
Harrow HA1	213	263	302	365	285	192	299	222
Stevenage SG1	124	137	152	160	135	143	173	108
Swindon SN2	118	128	152	145	135	137	218	108
Manchester M2	311	refer	refer	425	420	279	466	378
Doncaster DN1	129	147	204	160	150	143	226	155
Edinburgh EH1	150	158	245	161	150	162	226	140
Aberdeen AB1	110	120	139	145	120	137	170	95

*Premiums are based on a 3-bedroom semi detached house owned by 30 year old married couple, both working full-time, contents cover of £30,000, no claims in last 12 months. Rates include accidental damage cover. *General Accident Property Services. ** High risk area for which insurer needs specific information*

Minding Your Own Business

From swine to wine

***Nick Garnett** on a former farmer who traded pork for port*

TURNING A hobby into a business can often turn a dream into a nightmare. In the case of Phil Parrish, former pig farm manager and now wine importer and wholesaler, the transition progressed rather smoothly, providing a living for him and his family.

"It's given me a kind of freedom and I enjoy the benefits of working from home, but I'm hardly ever not working," Parrish says. "A two-week holiday? What's that?"

Parrish was earning £16,000 a year when, three years ago, the farmer he worked for abruptly announced that the pig operation Parrish managed was to close. His redundancy pay was only a few thousand pounds.

"The lucky thing was that a couple of years before that I had started buying and selling wine on a part-time basis, partly for fun but also to bring in a bit of extra income," Parrish says. "I decided to try and make that into a full-time business."

In the 12 months to April, Parrish, operating from his home in Driffield, north Humberside, sold £250,000 of wine, producing a pre-tax return of about 15 per cent. Parrish says all profit has been pumped back into buying stock and expanding the business, but he also takes out a yearly salary of £20,000.

Turnover this year will be up "substantially," but the recession's impact on Parrish's principal customers – restaurants and hotels – is bringing margins down by 2 or 3 percentage points.

"We've also noticed more competition," Parrish says. "A lot of wine merchants are coming up from the south to get in on the trade up here. There are maybe 20 or 30 others operating in this area. The worst problems are posed by the big drinks companies, which offer to put in initial stock without a charge up front. It's like an interest-free loan."

Some 90 per cent of Parrish's business comes from 50 or so accounts. The rest is made up of direct sales to the public. Minimum sale is a case of 12 bottles. Parrish uses a bonded warehouse in Rotherham, an hour or two's drive away, and a much smaller "overnight" warehouse in Driffield. Promising a 24-hour delivery service, Parrish uses his own mini van to get supplies to the customer. The only other workers involved in the venture are a part-time driver and Parrish's wife, Denise, who spends a day a week preparing invoices and issuing wine lists.

Parrish has been interested in wine for a long time and says he has a good nose. Before he left the farm, his part-time business was turning over £60,000. The breakthrough was winning a contract to supply all the wines for a large country-house restaurant close to the cathedral city of Beverley,

'Chinese restaurants are the toughest on price margins'

near Hull. "We got one wine in there and then more until we had the whole list."

To get going, Parrish remortgaged his home for £40,000 and raised a small bank loan.

Using hotel and restaurant guides and tips from friends, Parrish sends out his 20-page wine list to establishments in an area from North Yorkshire to Lincolnshire.

"I don't ring them unless they get in touch with me. Then, I will always visit them personally." So far, Parrish says he supplies to every establishment he has visited.

"In obtaining an account, price is initially a factor. Chinese restaurants are the toughest on price margins. But we also sell on our service. That is, we supply any wine on the list within 24 hours, and that we supply good quality wine."

Parrish buys the bulk of his wine direct from vineyards. He uses books on wines and vineyards by authors such as Hugh Johnson, and says he visits all the vineyards in Europe from which he buys, and some of those in California.

"It gives you a feeling for the place and the people, and there's another story to tell customers."

Some 60 per cent of Parrish's total volume comes from France, and 25 to 30 per cent from the New World producing areas of Australia, New Zealand and California. So-called "fine wines" - "that's anything with quality and character" - make up about 70 per cent of turnover. The rest is booze destined to be sold as house wines.

Restaurants make their biggest margins on house wine, but for Parrish they carry the tightest margins for himself. Vin de Pays might cost Parrish 50p a bottle, with duty added at about £1 a bottle. His sale price to a restaurant is perhaps £2.50, which ends up on the diner's bill at may be £8. "Best margins for me are probably on Burgundies."

Parrish reckons he carries about £80,000 of stock. The warehouse charges him 3p a case per week for storage. Stockholding and cash flow are the company's biggest headache. "It makes it very tight for us."

An order for 100 cases of Champagne requires a single pay-out by Parrish of perhaps £10,000. "For every new customer we need £1,000 to £5,000 to service them. After buying the wine, the second biggest cost element is financing restaurants' wine stocks. Most will not pay on delivery. Some pay on delivery or after four weeks. For others, it might be two or three months." Vineyards usually allow Parrish 30 or 60 days to pay. About 10 per cent of the Parrish wine list - which extends to about 300 items – is changed every year.

"One of the real pleasures of the business is getting out and meeting people. The other is offering customers a new wine and finding that they have a lot of success in selling it too."

■ *Phil Parrish, Specialist Wines, Warren House, 5, St John's Road, Driffield, North Humberside, YO25 7RL. Tel: 0377 42373.*

Directors' Transactions

CONCERN about the prospect of a rise in UK base rates has kept all but the most determined of directors from dealing in the stock markets.

Christopher Gent of Vodafone has sold 20,000 shares at 323p. Sir Ernest Harrison, chairman of Vodafone, sold 580,000 shares in December last year at 355p and was buying heavily in Racal Electronics, at the time as the abortive bid by Williams Holdings. That switching has proved well timed.

Of all the shares in the stores sector, Burton seems best supported by its board members. There has been consistent buying by a variety of directors since February this year. The latest purchase of 30,000 shares at 32.5p was by G Powell, who joined the board recently.

Shares in Hartstone Group, the leather and hosiery distributor, have underperformed the market sharply over the last three months. Stephen Barker, chairman, and John Padovan bought 50,000 and 5,000 shares at 130p and 125p respectively. Barker remains the largest shareholder on the board with more than 2.1m shares.

Martin Sorrell, chief executive of WPP Group, purchased 100,000 shares in the company at 39p per share. The debt-laden marketing services company recently finalised arrangements for a capital reconstruction which will convert a large portion of the bank's debt into equity.

Angus MacDonald, Directus Ltd.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Acal	Elec	28,728	64	1
British Land (Bnds)	Prop	1,000,000	790	1
Hogg Robinson	BuSe	6,000	11	1
Learmonth &Burchett	Elec	10,000	10	2
Smaller Comp's IT	InvT	19,000	13	1
Vodafone	Tele	20,000	65	1
PURCHASES				
African Lakes	BuSe	40,000	15	1
Argos	Stor	7,250	18	2
Beverley Group	EngG	1,544,117	97	4
British Land	Prop	500,000	810	1
Burton	Stor	30,000	10	1
Daily Mail	Med	8,000	488	1
Expamet	Othl	138,327	60	4
Fairway Group	Misc	150,000	68	1
Great Portland	Prop	10,000	13	1
Hartstone	Misc	55,000	71	2
RHM	FdMa	18,000	30	1
Sedgwick	InsB	48,100	54	6
Telegraph	Newl	5,000	14	1
Transatlantic CPref	InsL	750,000	506	1
WPP Group	Med	100,000	39	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 20-24 August 1992.

Source: Directus Ltd, Edinburgh

CGT and a second home

I RESIDE in Glasgow but I have a second house in England. At some time I shall sell the house to reduce the liability to Capital Gains Tax. I would like to transfer a half share in the second house to my wife. I shall be obliged if you will answer the following questions:

■ Would it be necessary to employ a solicitor to prepare a conveyance of the half share to my wife?

■ Would the transaction be subject to stamp duty?

■ The solicitor will be able to guide you in deciding whether to hold the house as joint tenants (survivor takes all) or as tenants in common (each half share can be disposed of by will to a third party).

The solicitor will also be able to guide you on the important question of joint main-residence notices, under what is now section 222 (6) of the Taxation of Chargeable Gains Act 1992, which could significantly reduce the potential CGT bill on the English house (without producing an unacceptable CGT bill on any eventual sale of the Scottish house).

We take it that your existing main-residence notice (under section 101(5) of the Capital Gains Tax Act 1979 or section 29(7) of the Finance Act 1965, as the case may be) nominates the Scottish house as your main residence, from some date in the past.

Assuming there is no outstanding mortgage there should be no stamp duty.

Avoiding double tax

WHEN I last bought government stock the broker sent me a statement splitting the acquisition cost into the capital value purchased and the accrued interest in the price. The end result was that, for the accrued interest element, I had converted my capital into income and therefore had to include that as income in my tax return and on it, pay 40 per cent tax. Does it mean that I should only buy and sell gilts during the ex-dividend period if I want to avoid the double taxation I have described?

■ It is a pity that you did not give us the precise figures and dates, because it looks as though you have paid too much tax – but we cannot be sure on the bare facts outlined. Ask your tax office for the free pamphlet 1R68 "Accrued income scheme: taxing securities on transfer."

Query on estate claim

PLEASE would you advise me on whether I have any claim on my former husband's estate or pension.

We were divorced after nearly 40 years of marriage and his second marriage lasted only 1½ years until his death.

During that time maintenance payments were made to me. On divorce my husband and I each put £15,000 into a trust to provide for me in the event of his death expecting the sum to increase significantly, and not anticipating his death 1½ years later.

I now live on my old age pension and the interest from the trust and the capital gained selling our home.

■ Under normal scheme rules and practice, entitlement to any spouse's pension rights ceases on divorce. Where there is a new spouse he or she would automatically qualify for spouse's pension rights under an occupational scheme.

Q&A
BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible

This position is generally regarded as unsatisfactory given the high percentage of marriages that end in divorce and the UK Pensions Management Institute is currently gathering evidence for a major report aimed at recommending changes in the law.

Some pension schemes do, however, give the trustees discretionary power to provide a survivor pension to a person other than a spouse. Some schemes enable a member to sacrifice part of his or her pension so as to provide for such a dependant's pension. In your case it may be worth writing to the trustees of your former husband's pension scheme, giving details of your case and asking whether they will make a lump sum and/or pension payment to you.

Share gift question

IF I transfer by gift at nil cost to my adult son, shares on which I would have a capital gain if sold at full value, what is the capital gains tax position first for me and second for my son were he to dispose of the shares in the future?

■ You will be taxed as though you had sold the shares to him at their market value on the day of the gift (on the quarter-up basis). He will correspondingly be treated as having bought them from you at that price on that day.

Ask your tax office for the free introductory pamphlet to capital gains tax, CGT14. This reply is based on the assumption that you are talking about shares in listed companies.

A saintly 'cure' for rabies

As a terrifying disease nears the shores of Britain, Patricia Morison tells the story of a bizarre healing cult that flourished in the Ardennes

OF ALL diseases, none has a more fearsome reputation than rabies. For reasons no one can explain, it died out in Europe during the later part of the 19th and first half of the 20th century. In 1939, though, there was an ominous outbreak close to the Polish-German frontier. Since then – spread mainly by red foxes – the virus has travelled inexorably west across Europe at a rate of about 40 kilometres a year.

Rabies was eradicated from Britain by 1903, but with fox-borne rabies now only just across the English Channel, some scientists are convinced that it will soon be back. In 1986, James Murray, professor of mathematical biology at Oxford University, published a computer model warning that rabies will return to Britain – and will spread rapidly.

Prof Murray points to the rarity of deaths from rabies in Britain, where it seems never to have reached epidemic proportions.

In Murray's view, however, the Channel Tunnel will be an irrelevance as far as the spread of rabies is concerned. English sentimentality about animals and the vast number of pleasure craft crossing the Channel make it inevitable that one day a pet animal will come ashore somewhere – and reintroduce the virus.

When that happens, the British, like their neighbours and most of the rest of the world, will need to become accustomed to viewing parks, woods and fields as the haunt of a lurking killer.

In the early 5th century, St Augustine of Hippo compiled a daunting list of the disasters that may at any moment fall on our defenceless heads: insanity, bankruptcy, imprisonment, torture, fire, stroke. Among them he included rabies.

Fifteen centuries later, does rabies really deserve its horrifying image? After all, rabies vaccine is available both as a prophylactic and for treating those who have been in contact with an infected animal. Vaccinated bait is widely and expensively used in programmes intented to control the spread of the disease among wildlife.

Yet the horrors of rabies can hardly be less fundamental today than when it stalked the cities of Roman North Africa. There is still no known cure. Once clinical symptoms appear – fever, headache and "a sense of apprehension" – its victims are doomed to a horrible death.

Both in France and in England, it used to be common practice to suffocate victims under mattresses. Read any description of the effect of rabies and one sees the case for euthanasia. In its most common form, furious rabies, sufferers develop hydrophobia – a dread of water – which has been described by Prof David Warrell, an expert in tropical medicine, as "the most terrible and mysterious symptom in the whole of medicine." Rabies, says Warrell, "remains the most . . . hopeless of human infections."

In short, there is little room for late 20th-century complacency. All the more reason, then, to look with interest, if bemusement, at an extraordinary healing cult that flourished in a small village in north-west Europe for nine centuries. Fear does strange things to people and so does hope. Those two emotions, working powerfully together, with a dash of the profit motive thrown in, played a large role in the extraordinary and little-known history of St Hubert of the Ardennes.

St Hubert was an early 8th-century bishop of Liège who preached Christianity in the Ardennes. A century after his death, monks carried his holy (and still incorrupt – ie, not mouldy) corpse from its grave in a church in Liège to an impoverished monastery high in the forest of the Ardennes.

The abbot and his monks badly needed a miracle-working relic to boost morale and attract pilgrims, and St Hubert conveniently started to perform healing miracles in his tomb. After miraculous cures, many grateful pilgrims settled nearby, some of them with useful trades to ply, such as blacksmith.

And so, thanks to a saint's holy bones, a village sprang up. Today Saint-Hubert-les-Ardennes is a charming, slate-roofed town modestly famous as the birthplace of the flower-painter Redouté – and for the *fêtes de Saint-Hubert*.

St Hubert is still known and loved throughout catholic northern Europe as the patron saint of hunters. The tourist office, housed in the former mansion of the mighty abbots of Saint-Hubert, dispenses leaflets telling the picturesque legend of the saint's conversion. Sadly – but not untypically – the legend has nothing to do with the real St Hubert. It is a barefaced example of monastic plagiarism, lifted from the *Life of St Eustace*.

The story goes that Hubert, a young nobleman, went hunting on Good Friday and was confronted by a white stag with a crucifix between its antlers. Christ reproached Hubert, whereupon he decided to enter the Church.

On September 25 and November 3, mass is celebrated in honour of St Hubert in the town's magnificent gothic church, punctuated by huntsmen blowing fanfares. Tourists turn up for the *fête* in September, which is modestly promoted by the Belgian tourist office as a hunting festival: St Hubert still has a role to play in bringing revenue to his town. In November, the atmosphere is more obviously spiritual. Local people bring dogs and even horses to be blessed.

In all this ceremony, there is nothing to remind visitors that the key to St Hubert's centuries of fame was his reputation as the saint who could prevent – and cure – rabies. As early as the 11th century, a monk wrote that it was standard practice for people bitten by rabid dogs and wolves to visit the shrine.

What happened there was very odd indeed and quite without parallel in the history of medieval shrines. A priest would make a cut in the pilgrim's forehead and push in a thread pulled from the saint's episcopal stole. Later, the monks claimed that this stole had been woven in Heaven by the Virgin Mary and flown down to the saint by an angelic messenger.

As for the origin of the ritual, known as *la taille*, it is surely an instance of sympathetic magic. In antiquity, rabies was one of many diseases blamed on worms – relatives of the poet William Blake's "invisible worm that flies in the night." Worms, under a dog's tongue or in its anus, were thought to cause rabies. It could well be that someone decided that because a white thread resembles a worm, it might expel the diabolic sickness of rabies if placed inside the head, close to the soul. With the saint literally under their skin, people would not only be "inoculated" against the risk of rabies: it was claimed they could be cured of the disease.

The disappearance of St Hubert's holy relics when Huguenots sacked the abbey was – and is – keenly felt. However, the holy stole was safe, so the pilgrimage was unaffected. Moreover, it was said that the holy stole never became any shorter. Whether or not that is true, today it is a length of silk 105cm by 42mm of 11th- or 12th-century workmanship. Normally, it can be seen in a reliquary on one of the altars. However, on November 3, after mass, when the church has almost emptied, a priest holds it to the heads of the more devout.

In the 17th century, doctors of Paris University attacked the credibility of the stole and were furiously rebutted by supporters of this enormously popular pilgrimage. Proof of its appeal is the sheer size of the church, its marble floor and magnificently carved stalls. Records, kept at the shrine from 1653, were continued even after the abbey was secularised in the French revolution. Early in the 18th century, a monk had noted that in four years, 1,956 people had been given *la taille*. Between 1806 and 1834, some 4,800 were still seeking out St Hubert's healing power.

La taille still had its devotees in the 1920s. It was said to be common for people fearful of contracting rabies to go to the Pasteur Instititue in Paris for inoculation, and –just to make sure – visit St Hubert.

What, we may ask, was going on? How could people have been deluded for so long into thinking that a visit to this saint's shrine had power over this most terrible of diseases? On the face of it, the pilgrimage must seem like a mockery, a tragic waste of effort and expense. The only justification would seem to be that during an agonising period of uncertainty, as sufferers and families waited to see if the dread symptoms appeared, the pilgrimage offered solace.

But there are more things to be said in explanation of the long "success" of the pilgrimage to St Hubert. Many of the pilgrims must simply have made a mistake. They thought they had been bitten by a mad beast, but it ran off so they had no proof. Only pilgrims brought to the abbey from homes within a few days' journey could possibly have had furious rabies, since death occurs swiftly.

Many raging, barking, convulsing wretches who were tied to an iron ring by St Hubert's altar to await *la taille* must have been *malades imaginaires*. They were suffering from rabies hysteria, a strange phenomenon which has been well documented in countries where rabies is prevalent. Deluded sufferers are said to exhibit a terrifying range of symptoms associated with furious rabies.

Doctors today suspect that they are dealing with this bizarre phenomenon whenever the symptoms follow hard on the heels of an animal bite. One of the horrible features of rabies is that the virus commonly lies dormant for between 12 and 60 days. The hysteric gives the game away by claiming he or she has been bitten only hours or a day or so earlier. At the shrine, many an hysteric was no doubt swiftly "cured" the instant they received the supernatural thread.

Conversely, and tragically, there were people who made the journey on foot, horse, or latterly by train, received *la taille* and, once they got home, faithfully kept the novena, the nine days of ritual observance. It appeared they were cured, for the virus can take two years to become active. In the end, they succumbed.

Did anyone then think to inform the priest at Saint-Hubert, let alone accuse St Hubert of impotence?

The "fail-safe" principle that explained the success of so many healing cults was not that Christianity taught that God's power, and that of his saints, worked automatically; on the contrary, God's power was an abyss which the mind of man could not plumb. The silk stole of a saint was like a ladder over the abyss.

Many would cross in safety thanks to the power of their faith and the prayers of their loved ones. But some would perish. Even here, though, faith held out comfort to the bereaved – the thought that all those hours of racking agony would surely incline God to mercy at the hour of judgment.

Today, rabies is at large once more in Europe. But there is no sign, so far, of a return of the cast of mind which, for nine centuries, gave St Hubert's stole its power.

As They Say In Europe
Royal reports

"THE question is whether the monarchy has the resilience to survive being converted into an object of the morbid tastes of a newly enriched class of shopkeepers." Manuel Vicent in *El País* was worried about the future of the monarchy now that the entanglements of King Juan Carlos were the subject of public speculation. "In this country such matters are commonplace. Aristocrats, artists, bankers and politicians parade half naked with their respective mistresses or wives."

Vicent argued that increasing wealth had meant the throwing over of ancient taboos. Once national income reached around $10,000 per head there was a "qualitative change" in social mores. Perhaps that is also true if income moves in the reverse direction, hence the parallel phenomenon in Britain.

Those two staples of British news, the royal family and the pound, have aroused less interest than might have been expected this week. That may be because of royal fatigue and a general view that sterling "crises" are old hat. So it was a surprise to find that in Croatia, which surely has other matters to worry about, there is an obsessive concern with the Royal family. *Novi Vjesnik* of Zagreb carried a piece from its London correspondent, Jasna Zanić-Nardini, headed "Princezin novi skandal." (The "princess" turned out to be a duchess). There were some charming lines about "Fergie u toplessu" with her "američki kavalir." Maybe it seems better in Croat because of the contrast with the surrounding horror stories.

A hitherto unremarked difference between Serb and Moslem is that the former is less interested in the doings of British royalty, and this has been aggravated by the oddity that arises when "Fergie" is transliterated into the Cyrillic alphabet. Leafing through the Belgrade *Borba* in search of such material, I was struck by a headline nestling between its routine horror stories – "Don't miss the revenge match of the twentieth century" it read. Serb vs Croat? Serbia vs everybody? It turned out to be about next month's Spassky-Fischer chess series taking place in Belgrade and Montenegro.

That provided one of the few lighter moments in a horrible week which saw the Yugoslav madness come to London and the citizens of Rostock provide a re-run of the 1930s. Fortunately the French are still able to display their contempt for others without actually having to commit arson or murder.

The Republican convention inspired a considered demolition piece in Monday's *Tribune de l'Expansion* by Danièle Gervais. "It really needs very little to reverse the opinion of Middle America: a great media show in the course of which one exalts the superpower of the United States. But what is most disturbing about the speeches at the Republican convention are the diatribes against intelligence. The speakers smugly flattered the most mediocre aspects of their society. That is not what will cure America's ills for these result from the disintegration – orchestrated by the retreat of a demonised state – of the education system, of the infrastructure and of the social safety net. However, without a somersault aimed at reversing the degradation and guaranteeing modernisation, American society greatly risks pursuing the path of dangerous degeneration." France may now be recovering from the pro-American malaise of the eighties.

Boris Yeltsin, always the innovator, has developed a technique that prevents hostile questions at press conferences. He was asked by a Japanese journalist about his solutions for the problem of the northern islands claimed by Japan from Russia. He replied, "I have 12 alternative approaches." Nobody pursued the matter.

James Morgan

■ *James Morgan is diplomatic correspondent of the BBC World Service.*

Motoring
A Volvo to hurl round the track

Stuart Marshall improves his driving at a racing school

YOU MIGHT think a Volvo would be the last car anyone would choose as the standard training vehicle for a racing and high-performance driving school. I am not being unkind. But if you were asked to name a car with sharp, sporty handling, high cornering speeds and sparkling performance, you would hardly think first of a Volvo.

Yet there I was, lapping the Castle Combe circuit in Wiltshire at speeds one would not dare use on a public highway. The Volvo 480 Turbo coupé seemed to be enjoying it as much as I was.

The 480 Turbo coupé is built in the company's Dutch plant. It is a pretty little car, with a 1.7-litre Renault-supplied engine putting out 120 horsepower at 5,400 rpm and developing maximum torque (in other words, pulling hardest) at 4,500 rpm. It costs £16,695 but there are two other non-turbocharged versions: a 1.7-litre, 102-horsepower 480 S (£13,895) and a just-introduced 110-horsepower, two-litre ES (£15,295).

Because they are Volvos, they are strong on safety and security as well as performance. A driver's side airbag is available and all have a standard burglar alarm with a visible warning flasher.

Volvo suggests a 480 would make a good alternative to the hot hatchbacks of various makes that have been hit by sky-high premiums. The insurance companies seem to agree: the 480 Turbo is in group 13. That means it is regarded as a better risk than a Ford XR2i or Peugeot 205 GTi 1.9 (both group 14), Ford XR3i or VW Golf GTi (both 15).

The 480, launched five years ago, has always been refined and sporty enough to attract the kind of buyers – many of them women – who felt they could not quite afford a BMW 320. Detail changes, including development of the suspension by Lotus, have made it go and handle better each year.

Now, the 1993 model Turbo – the car I drove at Castle Combe – has an electronic traction control system, using the same sensors as the ABS brakes, to stifle wheel-spin when accelerating hard.

The Racing and Performance School finds its 480 Turbo coupes are standing up well to the tough life they lead. Many who drive them are not exactly experts, nor do they want to become racing drivers. Their aim is to enjoy themselves while improving their car control skills and becoming better, safer motorists.

On the circuit, wearing full harness and with an instructor beside them, they can explore their own (and the car's) limits without risk to life or licence.

A point the school makes is that, unless they have had advanced driving instruction, all motorists have taught themselves how to drive at over 40 mph (65 kmh) – with, it has to be said, varying degrees of success. So, one of the first principles to take on board at Castle Combe is that good fast driving is, above all, smooth and safe driving.

You are told always to brake and, if necessary, change down when in a straight line on the approach to a corner and then turn into it. With the car nicely balanced, you apply power progressively, clipping the apex of the corner and using the full width of the track as you exit, accelerating hard up the straight.

After a few practice laps you find that not only are you getting it right but that it is the natural, relaxed way to drive a car quickly. Of course, the tyres whimper when cornering; but if they howl, you know you are losing speed as well as smoothness by steering coarsely, putting on too much power, or both.

Is any of this relevant to driving on the road?

Obviously, the racing line on corners is for circuits only. But the consistent smoothness, unbroken concentration and proper use of brakes and gears which also are taught are the hallmarks of a good driver. Just as hard acceleration, inattention, sudden swerves and harsh braking are those of an indifferent one.

Compared with the cost of a no-claims bonus lost through thoughtless driving, an £89 half-day introductory session at Castle Combe with expert tuition and the use of the Volvo 480 Turbo is money well spent.

■ *At Racing and Performance School a full day, with both introductory and higher-standard intermediate sessions, is £175. Call or fax 0793-751-855 for details.*

■■■

IT IS not just the average driver's skill that needs improving. We are, it seems unsure to woefully ignorant of some of motoring's basic rules.

According to a survey of 1,000 drivers of all kinds carried out for Volvo Car UK, four out of five do not know the correct stopping distance from 70 mph (112 kmh) or – unbelievably – even the speed limit in built-up areas.

For the record, it is 245ft (75 metres) plus thinking time before applying the brakes – say, 300ft (92 metres) in all, and that is on a dry surface. The speed limit is 30 mph (48 kmh).

The survey showed that the 20 per cent of drivers who hog the outside lane on a motorway, thinking it is meant for fast cruising and not overtaking, are likely to be young (17-24 years old) or over 65.

Fewer than half of us know that headlamps should be flashed only as a warning. The rest think a flash means anything from "Get out of my way – I want to overtake" to "Come through – I'm waiting for you."

Women drivers are revealed as knowing just as much about the rules of the road as men, and are said to be more aware of correct speed limits. Do they take greater notice of them? The survey is tactfully silent.

The infernal cost of the Eternal City

THE ETERNAL City is expensive. By expensive, I mean the rapid conversion made when calculating the cost of a taxi ride, a drink in a café, a quick lunch in a restaurant chosen at random because your feet are weary, or the price of an item of clothing you are tempted to buy.

Curiously, though, while people tend to complain about prices they do not, on the whole, challenge the value for money. Rome has to be seen in the round, and you can get a lot free. So, let us start with what is free.

Above all, Rome is a walking city. Only by walking can you gain a sense of its unique and omnipresent qualities of light, colour and architectural harmony.

The golden light, especially in the early morning or evenings, is unforgettable from the top of the Spanish Steps or the Campidoglio. The ochres, the russets and the faded yellows of the buildings can be enjoyed in any *piazza* or street (my favourites are Campo dei Fiori and Piazza Navona), and do not forget the striking green of the firs and holm oaks in the parks of the *Villa Borghese* and *Doria Pamphili* (which, incidentally, has an unusual population of beavers around its lake).

Then there are the endless fountains, like those designed by Bernini in Piazza Navona or the tiny "tortoise" fountain in Piazza Mattei. Many still have highly drinkable water, like Piazza di Spagna; and just off the Corso, by the Gallery Pamphili, there is a little barrel with a dribbling tap where you can still find Romans filling plastic bottles.

Free, too, is the world's finest selection of churches and basilicas – more than 300. My favourites are the early basilicas on the Aventine, or those with magnificent paintings like the Caravagios in St Maria del Popolo or San Luigi dei Francesi.

And, if you do not want to pay for museums, there are the Colosseum, the Pantheon and the Villa Borghese. I would also recommend entering the Palazzo Borghese from Via Ripetta. This is now an auction house but you can see some marvellous decorated ceilings (plus the antiques the Roman aristocracy is off-loading).

Then, of course, there are the free shows of people at night in Piazza Navona, by the Pantheon, in Campo dei Fiori, Santa Maria dei Trastevere, on the Spanish Steps, Piazza del Popolo, or the Villa Borghese gardens on Sunday afternoon.

Having savoured what is free, one is in a better mood to spend. But first, a coffee in the Café Greco in Via Condotti, right in the heart of the shopping area. The 18th century decor is forever suggestive, no matter how crowded, and the espresso is hot. Alternatively, just off the Corso there is an excellent café in the corner of Piazza San Lorenzo in Lucina; it serves the best sandwiches in Rome, has tables outside and is not patronised by tourists. If you want a drink, try the discreet decadence of the Plaza Hotel bar on the Corso. If an ice cream or brioche (cornetto), make for D'Angelo in Via della Croce.

All the big names for clothes, shoes, bags and jewellery (Armani, Bulgari, Fendi, Gucci, Missone, Valentino, Versace etc) are in a small area between Via Borgonona, Fratina, Condotti, Piazza de Spagna and Babuino. These names speak for themselves but visitors may well find, to their chagrin, that prices of these "names" are sometimes cheaper at home and the designs tailored to, say, London or New York.

It is also worth remembering that shops

Robert Graham, the FT man about Rome, knows all about free spending

in Rome often cater for the local tastes and climate. Compared with Milan, the colours of clothes are more sensual, the weight lighter, the designs less adventurous and the stocks smaller (quite often, and maddeningly, your size is not in stock). In the case of men's suits, trousers, jackets and shirts, the cut also tends to be tight-fitting.

With these caveats in mind, it is best to just to wander: the area you need to cover is small enough to permit this without homing-in on any particular shop.

In clothes, the best value for both men and women is in the upper end of the market where a mixture of styling, quality materials and finish really tell. You can get a good idea of this from Batistone (Via Condotti) or Caltrucco (off Piazza San Silvestro). At the cheaper end, beware of the many superficially good-looking imitations of "names" which simply do not last or can shrink when washed or dry-cleaned. The exceptions are shoes and leather goods.

For women, Rome has a number of small shops with excellently-made cocktail and evening dresses and suits in the L800,000 (£375) to L1.5m (£700) range that follow fashion rather than set it. These shops, in and around Via Sistina, are filled with attentive, family-controlled staff, often stock only one of each item in a limited range of sizes, and are willing to make superb alterations or adapt old items once bought.

My favourite man's shop is Carlo Palazzi (Via Borgonona), where you walk in intending to look for a tie and are seduced into buying a jacket (L1.2m) after trying it for size in the 16th century fitting room upstairs.

My wife maintains that Rome excels in the selection, quality and good value of shops selling gloves, stockings, tights, socks and underwear, extras for the hair and bijouterie – again, all in the city centre. For my part, I would add that socks, especially light summer socks, are a good buy.

If you are looking for something for the bedroom or bathroom, try Bellini (Piazza di Spagna). This Florentine firm has a fine selection of linens and cottons as well as sheets, bathrobes, nightshirts and gowns, as does Frette in the Corso.

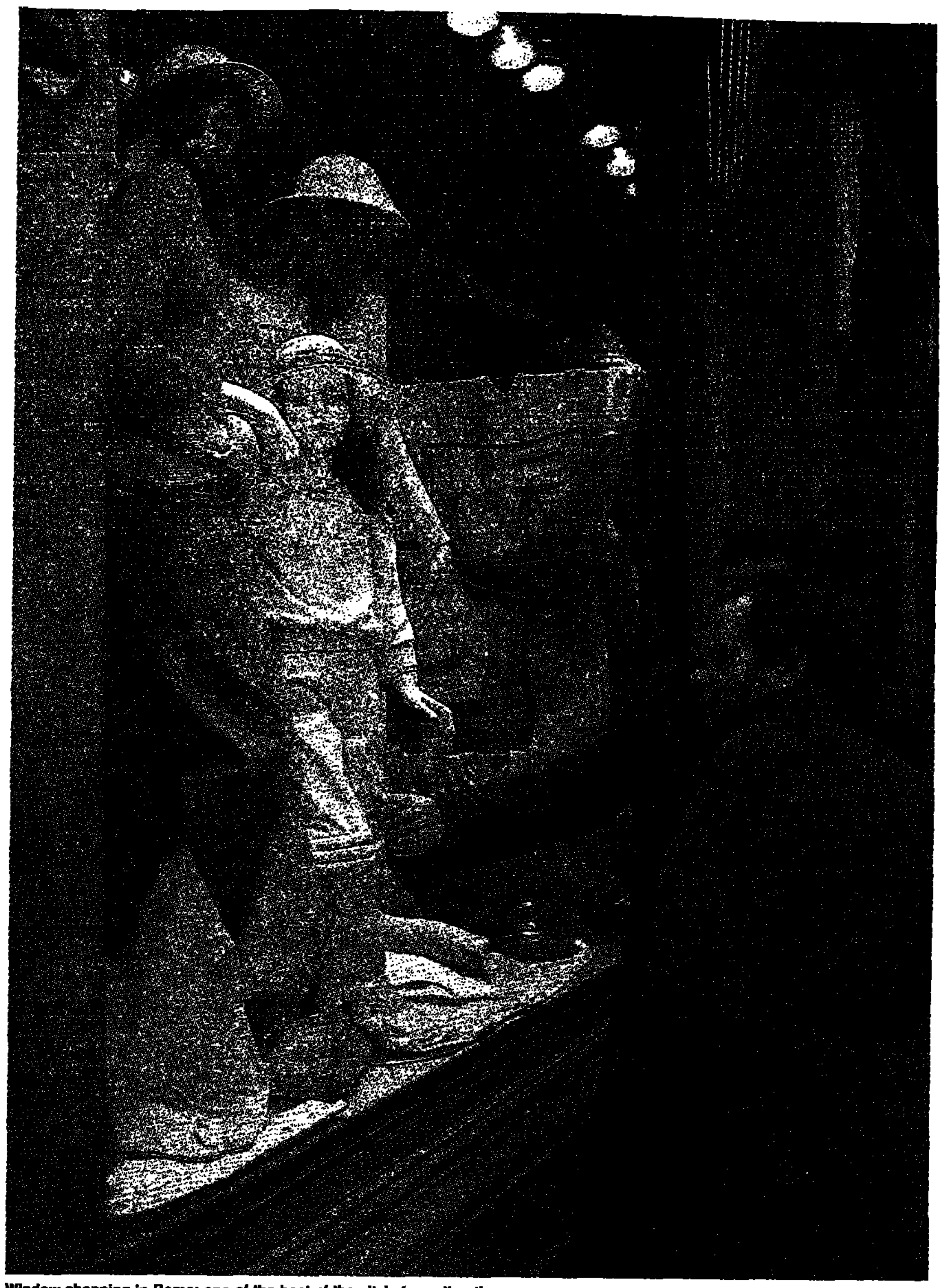
Of the more recondite items, Rome has a long tradition of candle-making and, if nothing else, it is worth a visit to Pisoni (on the corner of Rinascimento and the Corso Vittorio Emmanuelle). Antiques are pricy and taste favours the large and the baroque, but do not deny yourself the pleasure of browsing in Via dei Coronari, or along Via Babuino and Via Marguta.

In Piazza Farnese, there is a decorator's paradise (Farnese) which makes columns, mosaic tables and sundials, using ancient pieces to stunning effect. I have my eye on a L10m marble table when the recession ends...

In these hard times, though, food could be the best bet. In the city centre, in Via delle Croce, there are three good food shops and a superbly-decorated wine shop (where you also can taste). I would buy some specially-bottled, extra virgin olive oil (the Tuscans now have special controls on origin), a chunk of parmesan cheese, some fresh pasta (which will keep for a couple of days), a truffle (in season) and a whole salami.

If you are more adventurous, buy some Bottarga, a pressed row of fish (tuna and a variety of others) which can be grated over pasta or served, sliced thinly, with a squeeze of lemon. Delucchi, in Via della Croce, also sells an extensive selection of crystallised and dried fruits as well as nuts (stock up on those pine nuts for pesto sauce).

And now you deserve lunch. You cannot go wrong at Otello, in Via della Croce, which has a closed courtyard (open in summer). At this time of year, a light plate of parma ham (prosciutto crudo) on top of freshly-peeled green figs, followed by vitello tonnato (a salad of rugetta and tomatoes) and washed down with house Frascati and a cup of coffee, will cost two around L80,000.



Window shopping in Rome: one of the best of the city's free attractions

***Giles MacDonogh** looks at the changes in Bavarian brewing while **Edmund Penning-Rowsell** considers the year in the wine auction rooms*

Brighter Bavarian beers

THE NEWS from Munich is not good: the Bavarians have gone over to light if not alcohol-free beer. What is the world coming too? Soon we will learn that the people of Munich have traded in their Lederhosen for Bermuda shorts and that the Bavarian *Landtag* has put them on a collective diet.

The big changes in Bavarian beer took place a generation ago. In those days Munich was famous for its strong, dark fruity beers. Since the 1960s they have got progressively brighter and lighter. There is even a rumour doing the rounds that the people are turning to wine.

Beer drinkers may be reassured, however, that there is still beer made in Munich, and traditional beer too. Paulaner is one of half a dozen breweries making beer above its traditional well in and around the metropolis. The brewery was founded by Pauline monks in 1634 and continued as a monastic concern until the 1880s. The monks made the beer for themselves and their guests, but the word got round and soon the local inns began to serve it too.

"A VEGETARIAN SAUSAGE AND AN ALCOHOL FREE LAGER, PLEASE."

From the beginning, the monks observed the tradition of brewing a strong beer for Lent, when the absence of meat called for a beer of a higher alcoholic strength. This Doppelbock was called Salvator, or the Saviour.

In 1886 the firm of Paulaner, Salvator and Thomasbräu was set up to make the beer on the original site. Salvator Doppelbock was still conceived to be a major part of their production, but the local population had grown to expect other beers too. From Pilsen in Bohemia had come the taste for bright beer made from the local soft water. There was also Hefebier or yeast beer, bottled with its yeast to make the fruitiest of all German beers.

Paulaner makes 16 different beers, mostly for the local market. The most popular of these now is the light beer with only 2.9 degrees of alcohol. The alcohol-free beer is naturally favoured by motorists. I asked the chief brewer whether he personally drank this emasculated brew. No, he told me, he could not stand it.

Munich beer is made from barley. Paulaner is unique among Munich breweries in that it still malts the barley on the premises, a process which takes a week. The sweet "wort" is made in huge, copper-lidded backs much in the same way as an English beer. The big difference, however, is that all Munich beer is lager and as such bottom fermented.

Bottom-fermented beers use yeasts which ferment at far lower temperatures than the British "top-fermented" ones. Good bottom-fermented beer should then be matured for several months before being put on the market.

Munich beers are only lightly hopped, and Paulaner actually uses the much despised pellets, perhaps because hopping is relatively unimportant in south Germany. The "bitter" style of British beers is echoed in the more heavily hoppy styles of the north: Düsseldorf and to some small extent the Berlin Molle.

Most of Paulaner's output is sold in bottles or cans and only a very small proportion leaves the brewery in casks. Cask-conditioned beer is not so important to Germans anyway: the famous Reinheitsgebot which limits the ingredients to water, cereals and yeast does not allow them to add sugars to the casks to provoke a second fermentation.

The only way in which the law is occasionally loosely interpreted is in the recycling of carbonic gas to add fizz. This gas is taken from the fermenting process and later added back to the casks. They justify this by saying that the beer made the gas in the first place.

I repaired with my hosts to the big inn which lies next to the brewery. It was spring but big gobbets of snow were falling. I felt grateful for a big glass of Salvator drunk as much to ward off the cold as to make up for the deficiencies caused by a non-meat diet.

■ Information: Paulaner beers are distributed in Great Britain by Deinhard & Co, of 95 Southwark Street, London SE1. Tel: 071-261-1111.

Auction prices fall

ALTHOUGH the 1991-92 season was a difficult one in the London wine auction rooms, Christie's total net turnover, without buyer's premium, of £8.16m was just a little down on the previous year's £8.24m. Sotheby's £2.3m marked some recovery from its all-time low of £1.7m. Christie's benefited from its long-established overseas auction programme.

The wine always most prominent in the catalogues is claret, and the classed growths attract the most attention. Their prices peaked in 1990, and the average highest successful bids this year, listed in the adjoining tables (taken from Christie's King St sales, with a few higher results from Sotheby's) show that the first growths have all fallen since then.

Pétrus has been excluded. Although its prices have mostly dropped, they are on such a special level as to distort the general picture. Some unusually high classed-growth figures in Christie's sale in March of Robert Maxwell's cellar have also been omitted as a personality factor played a part in the results.

The most sought-after other classed growths have generally declined also, save occasionally for the '82s, '83s, and '85s that normally would be expected to rise much more as their development and drinkability increases. Moreover, comparisons on all the tables here must take into account inflation of 10 per cent since the beginning of 1990.

These falls are reflected in Christie's drop in their claret auction turnover. With only seven sales compared with nine in the previous year, their receipts without premium totalled £1.35m as against £1.76m. A 15 per cent fall in the number of lots offered was accompanied by a decline in the average price per sold lot: from £435 to £398 – and from £465 in 1989/90. The reduction in the number of lots demonstrated potential vendors' reluctance to sell because of the market's depressed state.

Average highest auction price in £s per dozen in 1990 and 1992

First-Growth Clarets

Vintage	1990	*1992
1961	3,567	2,750
1970	865	803
1975	622	562
1978	623	540
1982	908	707
1983	385	335
1985	402	388
1986	†443	425

Cheval-Blanc, Haut-Brion; Lafite; Latour; Margaux; Mouton-Rothschild

Second and other classed-growth clarets

Vintage	1990	*1992
1961	1,560	1,460
1970	497	435
1975	284	249
1978	297	259
1982	342	360
1983	192	194
1985	187	193
1986	†226	210

Beychevelle, Cos d'Estournel; Ducru-Beaucaillou; Grand Larose; Léoville-Las-Cases; Lynch-Bages; La Mission-Haut-Brion; Palmer; Pichon-Lalande

Vintage Port

Vintage	1990	*1992
1963	493	391
1970	256	254
1977	244	261
1983	143	129
1985	157	141

**Jan-July 1992 † 1991. Cockburn; Croft, Dow; Fonseca; Graham, Noval, Taylor; Warre. *In calculating average prices account has been taken if a wine has not been auctioned in that year or, in the case of vintage port if a shipper has not declared that vintage.*

The other vintage wine commonly bought on opening offer for long keeping or investment is vintage port, and the table shows their weakness in price now, particularly for the celebrated '63s. Much less vintage port was offered for sale than normally. Is this because in the present economic climate post-prandial port is a luxury that can be dispensed with, or is it a longer-term factor that less than ever is being drunk outside corporate bodies? Certainly the US market for mature vintages has been cut, as for older leading clarets and rarities for which in good times there is an important market.

Both auctioneers are reasonably confident for the coming season, but prices are unlikely to rise, as the best results are usually obtained in the first half of the year, and this year's best prices were mostly paid in earlier sales.

What is certain is that those consumers prepared to take advantage of existing price levels should secure some excellent bargains.

A top-class treat

SHOULD you need to say thank you and want to give a present that will be really welcome, then why not choose a custom-made hamper? Panzers at 13-19 Circus Road, London NW8 (tel: 071-435-0165/071-722-8162) will put together hampers from a big selection of upmarket goodies: virgin olive oil with peppercorns, wild mushrooms, fresh truffles, caviar and pure Ceylon tea. Prices are from £40 per hamper. In a year when all things Japanese are fashionable you could order ingredients such as parched laver seaweed, bonito flakes, Japanese noodles, tofu, sake and Sapporo beer. Homesick Americans might be glad of a hamper containing candy canes, pecan nuts, Skippy peanut butter and root beer. There are more than 6,000 items to choose from and Panzers will deliver anywhere in the UK within 24 hours of ordering.

Independent Schools - FT 500

Day single-sex schools take top slot

Andrew Adonis analyses a survey of this year's A-level results in private schools in England and Wales

HOW TO READ THE TABLES

Rank: all schools are ranked on a single scale from 1-5?

4-year rank: based on an average of each school's results for 1987, 1988, 1990 and 1991 unless otherwise indicated.

FT Score: all schools are ranked on a scale from 21 to 100, 100 being the score of the *top school, 21 the score of the* bottom

UCCA points: based on the UCCA system for A-levels: grade A=10 points; grade B=8; grade C= 6; grade D=4; grade E=2; grade N=0; grade U=0.
For AS examinations: grade A=5; grade B=4; grade C=3; grade D=2; grade E=1: grade N=0; grade U=0.

Rankings and scores are all based on an average of a school's UCCA points per entry and its UCCA points per pupil.

All details are provisional and subject to correction by the Independent Schools Information Service.

WESTMINSTER School, the London day and boarding school, tops the second FT-500 survey of A-level results from independent schools in England and Wales. Westminster has girls in the sixth form and is one of Britain's oldest public schools.

It is not, however, a typical top school. *Most of the top 50 are single-*sex city day schools, many of them former direct-grant schools which were part of the state system until the mid-1970s. Only one of the top 50 – The King's School, Canterbury – is fully co-educational throughout the school. In all, nearly three-quarters of the top 100 are predominantly day schools, and more than nine-tenths are single-sex, though some of those are boys schools with girls in the sixth form.

Many leading public schools performed better this year than last. Excluding general studies from last year's results, Cheltenham Ladies College is up from 32nd to 12th, Malvern Girls' College from 52nd to 15th, and Harrow from 82nd to 43rs. (The positions are not fully comparable because a different ranking methodology was used last year).

Yet famous names still languish far below: Rugby at 106th, Haileybury at 109th, Repton at 110th, Marlborough at 85th, Clifton at 152nd and Lancing at 179th. Boarding schools are finding life particularly tough going, with boarding numbers down 10 per cent in the last three years alone. Significantly, more than 60 per cent of Westminster's pupils are now day only. None of the old public boarding *schools is as favourably sited to* make the transition.

The results for the survey were supplied by the Independent Schools Information Service. They include all A and AS levels sat this summer, excluding general studies. Schools with fewer than 10 pupils entered for examinations have been excluded. Including them, Princess Helena College, Hitchin, with two A-level candidates, came out second. AS-levels comprise about half the workload of an A-level. They are intended to enable schools to broaden their curriculum, and are used by the government as a reason for not reforming England's extraordinarily narrow A-level curriculum. In fact, the results shows them to be largely ignored by the independent sector: most schools recorded only a handful, if any, AS results.

The exclusion by ISIS of general studies will cause some controversy. For a number of schools, particularly in the north, general studies is a taught subject; but for many it is a non-taught extra A-level, while a large number of top-notch schools do not do it at all, so its inclusion only creates distortion. The guide to the tables explains the columns. A special feature is an FT score giving the position of each school on a 21 to 100 scale, with 100 representing the top-performing school and 21 the bottom school.

This scale is an important counter to the "raw" ranking of each school from 1 to 479, given in *the left-hand column. On any mea-*sure of exam results, about 25 schools stand out at the top. There is an equally evident rump of about 50 schools at the bottom. In between, however, the gap separating each school is tiny, with most schools scaled at between 50 and 80. In all, some 90 schools have an FT score of between 70 and 80, all of which produce a typical three A-level profile of grades BBC, give or take a little. About another 130 have an FT ranking of between 60 and 70, implying a typical A-level profile of CCC.

Prospective parents should, therefore, beware of reading too much into the raw ranking, even if A-level results *are* their main concern. They should also look at the performance of the best of the state sector in their locality, which may turn out to be at least as good. In October the FT intends to publish a comprehensive national guide to schools across the two sectors, not restricted to the top few hundred.

Exam results are emphatically not the "be all and end all" of a school's achievement. Nor are they the only, or even necessarily the main, factor that parents should consider when choosing a school. Says Mr David Woodhead, director of ISIS: "We always advise parents that exam results illustrate only one aspect of a school's success and should be seen in the context of everything else a school does."

The selection policy of schools varies widely and needs to be taken into account, though it is a fallacy of those opposed to publishing "raw" information that league tables reveal nothing but selectivity. As to value added, parents should make their own judgement from visiting the school. There is no adequate numerical measure: assessing progress from GCSE to A-level, the current fashion, simply begs the question of the progress a pupil has made to GCSE – usually in the same school – in the first place.

Many of the schools ranking towards the bottom of the table deservedly have excellent reputations. Sibford School in Oxfordshire, for instance, is well known for the quality of the vocational studies in its sixth form. Its staple diet is the *City and Guilds diploma* in vocational education and it offers only a few traditional A-level courses. "We do not select on academic ability, beyond basic competence, and nobody comes here to do three A-levels," says Mr John Dunston, Sibford's headmaster. "But there is a growing demand for what we do. It would be greater still if hidden barriers against vocational courses could be broken down."

The FT-500 survey shows little direct relationship between fees and results. Westminster charges annual fees for day pupils of £7,575 a year. Winchester, second in both this and last years' surveys, charges £8,775 a year. By contrast, most of the old city grammar schools in the top fifty – Portsmouth, Bradford, Leeds High, St Albans High, Loughborough High, Guildford, the two at Chester – charge between £3,500 and £4,500 a year; and most award around a third of their places on bursaries or through the government's assisted places scheme. A school's physical facilities generally have more to do with the wealth of its foundation than the scale of its fees – only the prospectus or a visit will reveal them.

King Edward's, Birmingham, ranked 5th in the survey, makes the point forcefully. Its fees are around £4,000 a year. About 40 per cent of its pupils go on to Oxbridge each year. A similar proportion are financially assisted to a greater or lesser extent, with a third of its total entry subsidised by the assisted places scheme. Yet the school is just completing a £2m capital investment programme, providing a new swimming pool, a design centre, and refurbished laboratories. Half of the £2m came from local businesses and much of the rest in loans from the wealthy Kings Edward's foundation.

King Edward's also highlights complications on the "single sex" front. Mr Hugh Wright, the school's headmaster, *claims to a "firm sup*porter" of co-education. But, he says, "it is simply not necessary here in Birmingham, because we are one of two schools on the same site, working in partnership and close proximity with King Edward VI High School for Girls." The two schools share the same governing body, and undertake a wide range of activities in partnership.

Such "twinning" is common with city grammar schools – Bolton, Oldham, Chester and Guildford, have a similar arrangement, to name but four. It is proving an *attractive model for the traditional* public schools too. This term Malvern College and Malvern Girls College come together on a single site, together with a local prep school. "It was a straight response to market forces," says Mr Roy de C. Chapman, the headmaster. Forest School in south London has done much the same.

"Market forces" are not new to the independent sector. But they are altogether more bracing than hitherto. It is not just league tables and the recession. The state sector is coming to pose a stronger challenge than at any time since the end of direct-grant, with the national curriculum, a new emphasis on achievement, and liberation from town hall bureaucracy, acting as driving forces. Parents want more than an old school tie for £8,000 a year.

THE FT TOP THIRTY SCHOOLS

Rank	School	Town	4yr Rank	FT score	Passes p.Pupil	Boys/ Girls	Type
1	Westminster School	London, Greater London	3	100.0	3.5	Bg	Dy
2	Winchester College	Winchester, Hampshire	1	96.7	3.5	B	Bd
3	St. Paul's	London, Greater London	9	95.7	3.4	B	Dy
4	King Edward's	Birmingham, West Midlands	2	93.2	3.4	B	Dy
5	St. Paul's Girls	London, Greater London	4	92.1	3.2	G	Dy
6	Eton College	Windsor, Berkshire	7	91.0	3.5	B	Bd
7	Haberdashers' Aske's	Borehamwood, Hertfordshire	5	90.5	3.3	B	Dy
8	N. London Collegiate	Edgware, Greater London	10	87.8	3.2	G	Dy
9	Manchester Grammar	Manchester, Greater Manchester	6	87.3	3.0	B	Dy
10	Haberdashers Aske's, Girls	Elstree, Hertfordshire	20	87.0	3.1	G	Dy
11	Tonbridge School	Tonbridge, Kent	11	86.7	3.2	B	Bd
12	Chel'ham Ladies' Coll.	Cheltenham, Gloucestershire	32	86.0	3.1	G	Bd
13	King's College	London, Greater London	21	85.7	3.1	B	Dy
14	King's School	Chester, Cheshire	14	85.7	3.1	B	Dy
15	Malvern Girls College	Malvern, Hereford and Worcester	49	85.7	3.3	G	Bd
16	City of Lon. School	London, Greater London	31	84.8	3.3	B	Dy
17	Sir William Perkins	Chertsey, Surrey	132	84.7	4.0	G	Dy
18	Perse School	Cambridge, Cambridgeshire	13	84.1	3.0	B	Dy
19	Radley College	Abingdon, Oxfordshire	27	83.7	3.2	B	Bd
20	Queen's School, The	Chester, Cheshire	18	83.4	3.1	G	Dy
21	King's School	Canterbury, Kent	30	83.2	3.3	C	Bd
22	Royal Grammar	Guildford, Surrey	8	83.2	3.1	B	Dy
23	University College	London, Greater London	26	83.1	3.0	B	Dy
24	Sherborne, Girls	Sherborne, Dorset	42	82.6	3.1	G	Bd
25	St. Swithun's	Winchester, Hampshire	76	81.9	3.0	G	Bd
26	Brighton & Hove High	Brighton, East Sussex	118	81.5	2.8	G	Dy
27	Old Palace School	Croydon, Greater London	60	81.5	3.1	G	Dy
28	Godolphin & Latymer	London, Greater London	35	81.4	3.1	G	Dy
29	James Allen's Girls	London, Greater London	28	81.4	3.0	G	Dy
30	Eltham College	London, Greater London	45	81.0	3.1	B	Dy

B=at least 75% of pupils are boys; Bg= boys school with co-ed sixth form, at least 25% pupils are girls; G= at least 75% pupils are girls; C= at least 25% boys and at least 25% girls; Dy= at least 50% pupils are day pupils; Bd= at least 50% pupils board.

Independent Schools 1992 'A' Level Results

Rank	Institution	Town	4yr Rank	FT score	Passes p. Pupil	UCCA Entry	UCCA Pupil
Avon							
36	Badminton School	Bristol	91	80.3	3.0	7.5	23.3
149	Bath High	Bath	164	69.0	2.8	6.8	19.7
401	Bristol Cathedral	Bristol	200	47.8	2.7	4.2	14.2
73	Bristol Grammar	Bristol	112	75.6	3.0	7.2	21.8
152	Clifton College	Bristol	145	68.9	3.0	6.2	20.2
220	Clifton High, Girls	Bristol	264	63.4	2.8	6.1	18.2
454	Colston's Collegiate	Bristol	326	37.6	2.2	3.7	10.7
299	Colston's Girls'	Bristol	334	57.6	2.6	5.7	16.5
115	Downside School	Bath	291	71.0	3.0	6.3	21.0
56	King Edward's	Bath	184	77.4	3.0	7.2	22.6
303	Kingswood School	Bath	253	57.3	2.7	5.4	16.7
284	Monkton Combe School	Nr. Bath	252	58.8	2.7	5.7	16.9
363	Prior Park College	Bath	310	52.5	2.7	5.0	15.2
172	Q Elizabeth's Hospital	Bristol	202	67.2	3.3	5.7	20.1
69	Red Maids' School	Bristol	123	76.1	2.9	7.1	22.1
215	Redland High	Bristol	126	63.9	2.8	6.2	18.4
315	Sidcot School	Winscombe	408	56.5	3.1	4.9	16.8
County Average				63.5	2.8	5.9	18.4
Bedfordshire							
247	Bedford High	Bedford	225	61.4	2.9	5.6	17.9
168	Bedford Modern	Bedford	95	67.9	3.1	6.0	20.1
131	Bedford School	Bedford	157	69.9	3.0	6.4	20.4
221	Dame Alice Harpur School	Bedford	214	63.4	2.7	6.3	18.1
County Average				65.6	2.9	6.0	19.1
Berkshire							
50	Abbey School	Reading	39	77.9	3.1	7.2	22.8
452	Bearwood College	Wokingham	434	38.1	2.1	3.9	10.7
248	Bradfield College	Reading	215	61.4	2.7	5.9	17.7
163	Brigidine School	Windsor	436	68.1	3.1	6.0	20.1
383	Douai School	Reading	199	50.3	2.6	4.9	14.4
124	Downe House School	Newbury	108	70.3	2.9	6.6	20.4
6	Eton College	Windsor	7	91.0	3.5	7.8	27.1
216	Heathfield School	Ascot	327	63.8	2.9	6.2	18.2
271	Leighton Park	Reading	288	59.6	2.7	5.6	17.3
460	Licensed Victuallers	Ascot	468	35.3	2.0	3.5	10.1
375	Luckley-Oakfield	Wokingham	379	51.4	2.6	4.8	14.9
170	Oratory, The	Nr. Reading	94	67.7	2.9	6.6	19.4
326	Pangbourne College	Reading	401	56.0	3.3	4.3	17.2
76	Presentation College	Reading	275	75.3	3.6	6.2	22.7
194	Queen Anne's School	Reading	147	65.5	3.1	6.0	19.2
348	Reading Blue Coat	Reading	286	54.2	2.4	5.3	15.5
101	St. George's	Ascot	238	73.1	3.0	6.8	21.3
390	St. Joseph's Convent	Reading	380	49.1	2.7	4.6	14.3
55	Wellington College	Crowthorne	51	77.8	3.3	6.8	23.0
54	St. Mary's School	South Ascot	29	77.7	3.2	7.0	22.8
County Average				63.1	2.8	5.8	18.4
Buckinghamshire							
387	Pipers Corner	High Wycombe	N/A	49.8	2.6	5.2	13.9
296	Stowe School	Buckingham	258	57.9	2.6	5.7	16.5
31	Wycombe Abbey	High Wycombe	19	80.9	3.1	7.6	23.5
County Average				62.8	2.7	6.1	17.9

Independent Schools 1992 'A' Level Results

Rank	Institution	Town	4yr Rank	FT score	Passes p. Pupil	UCCA Entry	UCCA Pupil
Cambridgeshire							
258	Kimbolton School	Huntingdon	247	60.3	2.8	5.8	17.3
173	King's School	Ely	304	67.0	3.3	5.7	20.1
180	Leys School	Cambridge	178	66.5	3.0	6.3	19.2
18	Perse School	Cambridge	13	84.1	3.0	8.0	24.3
42	Perse School, Girls	Cambridge	67	79.0	3.0	7.3	23.0
439	Peterborough High	Peterborough	381	42.2	2.3	4.3	11.9
202	St. Mary's School	Cambridge	141	64.9	2.8	6.3	18.6
313	Wisbech Grammar	Wisbech	347	56.6	2.6	5.5	16.3
County Average				65.0	2.8	6.1	18.8
Channel Islands							
265	Elizabeth College	Guernsey	125	59.8	2.6	5.7	17.2
286	Ladies College	Guernsey	97	58.6	2.9	5.1	17.4
County Average				59.2	2.7	5.4	17.3
Cheshire							
225	Abbey Gate College	Chester	405	63.2	3.4	4.9	19.4
119	Cheadle Hulme	Cheadle	142	70.7	2.8	6.7	20.4
392	Culcheth Hall School	Altrincham	372	48.9	2.4	4.5	14.3
150	Grange School	Northwich	223	69.0	2.8	6.9	19.6
14	King's School	Chester	14	85.7	3.1	7.6	25.3
234	King's School,The	Macclesfield	174	62.4	2.7	6.0	18.0
331	Mount Carmel Convent	Alderley Edge	340	55.4	2.6	5.3	16.0
447	North Cestrian Grammar	Altrincham	412	39.8	2.3	3.9	11.4
20	Queen's School, The	Chester	18	83.4	3.1	7.8	24.2
391	St Ambrose College	Altrincham	339	49.0	2.4	4.7	14.1
360	St. Hilary's	Alderley Edge	422	53.1	2.4	5.0	15.4
91	Stockport Grammar	Stockport	92	74.0	2.9	7.1	21.3
County Average				62.8	2.7	5.8	18.2
Cleveland							
350	Teesside High, Girls	Stockton-on-Tees	266	54.0	2.6	5.2	15.5
181	Yarm School	Yarm	229	66.5	3.3	5.6	20.0
County Average				60.2	2.9	5.4	17.7
Cornwall							
329	Truro High, Girls	Truro	204	55.7	2.5	5.4	16.0
277	Truro School	Truro	154	59.2	2.7	5.6	17.1
County Average				57.4	2.6	5.5	16.5
Cumbria							
204	Austin Friars	Carlisle	354	64.8	2.8	6.3	18.6
162	Casterton School	Kirkby Lonsdale	185	68.1	2.8	6.5	19.6
280	Sedbergh School	Sedbergh	155	58.9	2.9	5.1	17.5
365	St. Anne's School	Windermere	220	52.4	2.5	5.4	14.8
358	St. Bees School	St. Bees	280	53.3	2.4	5.1	15.4
County Average				59.5	2.6	5.6	17.1
Derbyshire							
287	Derby High	Derby	226	58.5	2.6	5.6	16.9
399	Mt St. Mary's College	Via Sheffield	365	47.9	2.5	4.4	14.0
324	Ockbrook School	Nr. Derby	378	56.0	2.5	5.6	15.9
110	Repton School	Derby	69	71.9	3.3	6.1	21.5
398	St. Elphin's	Matlock	409	48.2	2.3	4.7	13.8
103	Trent College	Nottingham	188	72.9	3.0	6.7	21.3
County Average				59.2	2.7	5.5	17.2

Independent Schools 1992 'A' Level Results

Rank	Institution	Town	4yr Rank	FT score	Passes p. Pupil	UCCA Entry	UCCA Pupil
Devon							
353	Blundell's School	Tiverton	363	53.7	2.6	5.5	15.1
389	Edgehill College	Bideford	385	49.6	2.8	4.3	14.7
139	Exeter School	Exeter	79	69.7	2.9	8.5	20.2
471	Grenville College	Bideford	453	28.9	1.8	3.1	8.0
420	Kelly College	Tavistock	351	44.9	2.5	4.5	12.8
97	Maynard School	Exeter	71	73.4	3.0	6.9	21.3
276	Plymouth College	Plymouth	134	59.2	2.8	5.6	17.2
407	Shebbear College	Beaworthy	361	46.8	2.4	4.7	13.2
189	St. Dunstan's Abbey	Plymouth	239	65.7	2.8	6.2	19.0
293	St. Margaret's, Girls	Exeter	219	58.1	2.6	5.8	16.5
240	West Buckland	Barnstaple	290	62.2	2.8	6.0	17.9
County Average				55.6	2.6	5.3	15.9
Dorset							
433	Allhallows School	Nr.Lyme Regis	418	43.9	2.3	4.6	12.3
111	Bryanston School	Blandford	74	71.7	3.2	6.4	21.2
169	Canford School	Wimborne	104	67.7	2.9	6.5	19.5
374	Clayesmore School	Blandford	364	51.4	2.5	5.1	14.6
467	Milton Abbey	Blandford	469	32.1	2.1	3.2	9.1
87	Sherborne School	Sherborne	57	74.2	3.0	7.0	21.5
24	Sherborne, Girls	Sherborne	42	82.6	3.1	7.7	24.0
344	St. Antony's-Leweston	Sherborne	249	54.4	2.4	5.5	15.4
255	St. Mary's	Shaftesbury	216	60.7	2.7	6.0	17.4
272	Talbot Heath	Bournemouth	165	59.6	2.5	6.0	16.9
239	Wentworth Milton Mount	Bournemouth	370	62.2	2.8	6.0	17.9
County Average				60.0	2.6	5.8	17.2
Durham							
402	Barnard Castle	Barnard Castle	375	47.7	2.5	4.8	13.5
164	Durham High	Durham	119	68.1	2.9	6.3	19.8
275	Durham School	Durham	237	59.2	2.8	5.7	17.0
207	Polam Hall School	Darlington	325	64.4	2.8	5.8	19.0
County Average				59.8	2.7	5.6	17.3
East Sussex							
26	Brighton & Hove High	Brighton	118	81.5	2.8	8.0	23.3
156	Brighton College	Brighton	217	68.6	3.1	6.3	20.0
449	Charters-Ancaster	Bexhill-on-Sea	458	39.1	2.4	3.7	11.3
213	Eastbourne College	Eastbourne	209	63.9	2.8	6.3	18.2
464	Mayfield College	Mayfield	N/A	32.5	2.1	3.2	9.3
145	Moira House School	Eastbourne	293	69.4	3.1	6.3	20.3
435	Newlands Manor	Seaford	433	43.3	2.4	4.1	12.5
78	Roedean School	Brighton	106	74.9	3.2	6.8	22.0
457	St. Bede's School	Hailsham	463	36.4	2.1	3.4	10.6
83	St. Leonards-Mayfield	Mayfield	163	74.7	3.1	6.9	21.8
373	St. Mary's Hall	Brighton	263	51.6	2.5	5.1	14.8
469	Wadhurst College	Wadhurst	413	30.1	1.7	3.2	8.4
County Average				55.5	2.6	5.2	16.0
Essex							
174	Bancroft's School	Woodford Green	256	66.8	2.9	6.2	19.5
175	Brentwood School	Brentwood	140	66.7	3.0	6.0	19.6
223	Chigwell School	Chigwell	240	63.3	2.8	6.1	18.3
197	Felsted School	Dunmow	218	65.2	2.8	6.2	18.8
445	Friends School	Saffron Walden	358	40.3	2.4	3.6	11.9
290	New Hall School	Chelmsford	349	58.4	2.8	5.8	16.7
County Average				60.1	2.7	5.6	17.4

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Independent Schools 1992 'A' Level Results

Rank	Institution	Town	4yr Rank	FT score	Passes p Pupil	UCCA Entry	UCCA Pupil
Gloucestershire							
12	Chel'ham Ladies' Coll.	Cheltenham	32	86.0	3.1	8.0	25.0
165	Cheltenham College	Cheltenham	90	66.0	3.0	6.4	19.8
84	Dean Close School	Cheltenham	179	74.6	3.5	6.0	22.6
379	King's School	Gloucester	336	50.9	2.2	4.8	14.7
346	Rendcomb College	Nr. Cirencester	274	54.3	2.8	5.3	15.5
253	St Clotilde's School	Glos.	417	60.9	2.8	5.7	17.7
430	Westonbirt School	Tetbury	393	44.2	2.7	4.2	12.8
419	Wycliffe College	Stonehouse	245	45.1	2.4	4.5	12.8
376	St Edwards Schl	Cheltenham	383	51.4	2.5	4.8	14.9
County Average				59.4	2.7	5.5	17.3
Greater London							
182	Alleyn's School	London	190	66.2	3.0	5.9	19.5
456	Baston School	Bromley	348	37.1	2.2	3.4	10.8
422	Bishop Challoner	Shortlands	430	44.8	2.7	3.8	13.5
63	Blackheath High	London	212	76.4	3.0	7.3	22.0
60	Channing School	London	152	77.1	2.7	7.7	21.9
33	City of Lon. For Girls	London	66	80.4	3.1	7.4	23.5
16	City of Lon. School	London	31	84.8	3.3	7.6	25.0
282	Colfe's School	London	282	58.8	2.9	5.2	17.4
245	Croham Hurst School	South Croydon	268	61.5	2.8	6.0	17.7
134	Croydon High School	South Croydon	84	69.8	3.1	6.0	20.8
51	Dulwich College	London	40	77.9	3.1	7.1	22.8
30	Eltham College	London	45	81.0	3.1	7.3	23.8
357	Emanuel School	London	406	53.3	2.6	5.1	15.4
183	F. Holland Clarence Gate	London	224	66.1	2.8	6.3	19.1
263	Forest Girls	London	208	59.9	2.9	5.7	17.3
210	Forest School	London	257	64.1	2.9	6.0	18.6
141	Francis Holland	London	311	69.5	2.9	6.6	20.1
28	Godolphin & Latymer	London	35	81.4	3.1	7.6	23.7
450	Halliford School	Shepperton	447	38.6	2.4	3.6	11.3
86	Hampton School	Hampton	128	74.2	3.7	5.7	22.8
43	Harrow School	Harrow on the Hill	87	78.9	3.1	7.3	23.0
128	Heathfield School	Pinner	267	70.1	2.9	6.6	20.3
120	Highgate School	London	187	70.7	2.9	6.5	20.6
264	Ilford Ursuline High	Ilford	382	59.9	3.0	5.4	17.7
29	James Allen's Girls	London	28	81.4	3.0	7.6	23.6
89	John Lyon School	Harrow	121	74.1	3.1	6.7	21.7
129	King Alfred School	London	244	70.1	2.8	6.7	20.3
13	King's College	London	21	85.7	3.1	7.8	25.1
236	Kingston Grammar	Kingston	176	62.2	2.8	5.9	18.0
64	Lady Eleanor Holles	Hampton	48	76.3	3.4	6.5	22.8
186	Latymer Upper	London	73	66.0	2.8	6.2	19.1
71	Merchant Taylors'	Northwood	109	75.9	3.0	7.1	22.0
198	Mill Hill School	London	251	65.1	3.0	6.0	19.0
94	More House School	London	156	73.6	3.0	6.8	21.4
8	N. London Collegiate	Edgware	10	87.8	3.2	7.9	25.9
241	Northwood College	Northwood	302	62.0	2.8	6.0	17.8
47	Nott. Hill & Ealing High	London	98	78.4	3.0	7.5	22.7
27	Old Palace School	Croydon	60	81.5	3.1	7.7	23.6
153	Purcell Sch. of Music	Harrow O' Hill	321	68.9	2.4	7.8	18.6
154	Putney High School	London	102	68.9	2.7	6.8	19.7
335	Q College London	London	273	55.2	2.7	5.2	16.0
327	Queen's Gate	London	386	56.0	2.8	5.4	16.1
446	Royal Russell	Croydon	427	40.2	2.2	4.1	11.3
74	S. Hampstead High	London	22	75.4	3.0	7.0	22.0
322	St. Benedict's	London	298	56.2	2.5	5.3	16.2
261	St. Dunstan's College	London	308	60.1	2.8	5.8	17.3
158	St. Helen's	Northwood	103	68.6	2.7	6.7	19.6
3	St. Paul's	London	9	95.7	3.4	8.4	28.3
5	St. Paul's Girls	London	4	92.1	3.2	8.4	26.9
310	Streat. Hill & Clapham High	London	228	56.8	2.6	5.3	16.5
136	Sutton High	Sutton	122	69.8	3.0	6.4	20.4
301	Sydenham High	London	366	57.6	2.5	5.7	16.4
167	Trinity School	Croydon	59	68.0	3.2	6.0	20.1
23	University College	London	26	83.1	3.0	7.9	24.0
1	Westminster School	London	3	100.0	3.5	8.4	30.0
104	Whitgift School	South Croydon	34	72.8	3.3	6.2	21.8
49	Wimbledon High	London	62	78.3	3.0	7.4	22.7
219	Surbiton High	Kingston	236	63.6	2.8	6.3	18.1
458	Virgo Fidelis	London	472	36.0	2.1	3.5	10.4
County Average				67.7	2.8	6.2	19.7
Greater Manchester							
319	Chetham's School, Music	Manchester	210	56.2	2.2	6.6	15.0
9	Manchester Grammar	Manchester	6	87.3	3.0	8.4	25.2
34	Manchester High, Girls	Manchester	65	80.4	3.1	7.3	23.6
300	St. Bede's College	Manchester	300	57.6	2.7	5.5	16.6
340	William Hulme's Grammar	Manchester	269	54.8	2.4	5.2	15.8
62	Withington Girls	Manchester	16	76.5	3.0	7.1	22.3
County Average				68.8	2.7	6.6	19.7
Hampshire							
388	Atherley School	Southampton	404*	49.6	2.6	4.7	14.3
140	Bedales School	Petersfield	64	69.6	2.8	6.6	20.1
351	Churcher's College	Petersfield	250	53.9	3.0	4.8	15.9
476	Embley Park	Romsey	470	27.1	1.8	3.0	7.5
205	Farnborough Hill	Farnborough	168	64.6	2.7	6.2	18.6
57	King Edward VI	Southampton	47	77.3	3.1	7.2	22.5
477	Lord Mayor Treloar Coll.	Alton	411	25.8	1.3	3.5	6.5
224	Lord Wandsworth Coll.	nr.Basingstoke	316	63.3	2.7	6.1	18.2
112	North Foreland Lodge	Basingstoke	153	71.7	2.9	6.9	20.6
125	Portsmouth Grammar	Portsmouth	61	70.2	2.9	6.5	20.4
48	Portsmouth High School	Southsea	12	78.3	3.2	7.0	23.0
291	St. John's College	Southsea	319	58.4	2.7	5.5	16.9
259	St. Nicholas'	Fleet	295	60.2	2.8	5.8	17.3
25	St. Swithun's	Winchester	76	81.9	3.0	7.8	23.7
2	Winchester College	Winchester	1	96.7	3.5	8.2	28.9
County Average				63.2	2.7	5.9	18.2
Hereford and Worcester							
176	Alice Ottley School	Worcester	206	66.7	2.9	6.5	19.2
404	Belmont Abbey	Hereford	392	47.3	2.3	4.9	13.2
250	Bromsgrove School	Bromsgrove	294	61.1	3.1	5.4	18.1
230	Hereford Cathedral	Hereford	172	62.8	2.8	5.8	18.3
274	Holy Trinity	Kidderminster	456	59.3	2.9	5.7	17.1
201	King's School, Tffe	Worcester	78	64.9	2.8	6.2	18.7
118	Malvern College	Malvern	72	70.8	3.1	6.4	20.8
15	Malvern Girls College	Malvern	49	85.7	3.3	7.7	25.3
195	R.N.I.B. New College	Worcester	279	65.5	2.8	6.6	18.5
151	Royal Grammar	Worcester	149	69.0	3.4	5.7	20.8
349	St. James's & The Abbey	West Malvern	426	54.0	2.5	5.4	15.4
370	St. Mary's Convent	Worcester	301	52.0	2.4	5.3	14.7
County Average				63.2	2.8	5.9	18.3
Hertfordshire							
411	Aldenham School	Elstree	398	45.7	2.6	4.3	13.3
155	Berkhamsted School	Berkhamsted	80	68.8	3.3	5.9	20.5
100	Berkhamsted, Girls	Berkhamsted	81	73.1	2.9	7.2	20.9
191	Bishop Stortford College	Bishop's Stortford	243	65.6	2.8	6.3	18.9
10	Haberdashers Aske's, Girls	Elstree	20	87.0	3.1	8.1	25.3
7	Haberdashers' Aske's	Borehamwood	5	90.5	3.3	8.0	26.7
109	Haileybury School	Hertford	93	71.9	3.0	6.7	20.9
244	Queenswood	Hatfield	281	61.6	3.0	5.5	18.2
418	Rickmansworth Masonic	Rickmansworth	437	45.3	2.2	4.8	12.6
38	St. Albans High	St. Albans	44	80.2	3.1	7.4	23.4
237	St. Albans School	St. Albans	120	62.2	3.0	5.3	18.6
260	St. Christopher	Letchworth	353	60.1	2.9	5.8	17.5
403	St. Edmund's College	Ware	315	47.7	2.9	3.9	14.4
397	St. Francis' College	Letchworth	332	48.3	2.4	4.8	13.8
292	St. Margaret's School	Watford	265	58.3	2.8	5.6	16.8
County Average				64.4	2.8	5.9	18.7
Humberside							
307	Hull High	Anlaby	213	57.0	3.2	4.4	17.5
192	Hymers College	Hull	162	65.6	2.9	6.0	19.2
334	Pocklington School	York	289	55.2	2.7	5.2	16.0
432	St James School	Grimbsby	460	44.1	2.9	3.7	13.3
County Average				55.4	2.9	4.8	16.5
Isle of Man							
368	King William's College	Isle of Man	284	52.0	3.0	4.3	15.6
County Average				52.0	3.0	4.3	15.6
Isle of Wight							
425	Bembridge School	Isle of Wight	446	44.4	2.3	4.3	12.7
347	Ryde School	Ryde	262	54.3	2.9	4.8	16.1
County Average				49.3	2.6	4.5	14.4
Kent							
314	Ashford School	Ashford	138	56.5	2.5	5.5	16.2
372	Bedgebury School	Cranbrook	449	51.7	2.6	5.0	14.8
297	Benenden School	Cranbrook	127	57.8	3.4	4.9	17.3
406	Bethany School	Cranbrook	440	46.9	2.6	4.6	13.4
200	Bromley High	Bromley	143	65.0	2.8	6.3	18.7
317	Combe Bank School	Nr. Sevenoaks	429	56.3	2.4	5.8	15.8
305	D of York's Royal Milit.	Dover	137	57.2	2.8	5.5	16.5
437	Dover College	Dover	367	43.2	2.3	4.1	12.5
416	Farringtons School	Chislehurst	438	45.4	2.3	4.5	12.9
222	Holy Trinity Convent	Bromley	342	63.4	2.9	6.1	18.3
135	Kent College	Canterbury	158	69.8	3.0	6.2	20.6
227	Kent College, Pembury	Pembury	395	63.2	3.2	5.4	18.8
21	King's School	Canterbury	30	83.2	3.3	7.3	24.7
270	King's School	Rochester	235	59.6	2.8	5.6	17.3
465	Nativity School	Sittingbourne	442	32.2	2.1	3.1	[illegible]
385	Sacred Heart School	Tunbridge Wells	341	50.0	2.7	4.5	14.7
67	Sevenoaks School	Sevenoaks	63	76.2	3.1	7.0	22.3
423	St. Edmund's School	Canterbury	369	44.6	2.1	4.6	12.5
289	St. Lawrence College	Ramsgate	231	58.5	2.6	5.7	16.7
429	Sutton Valence	Maidstone	402	44.2	2.4	4.2	12.8
11	Tonbridge School	Tonbridge	11	86.7	3.2	7.8	25.5
443	Ursuline Convent	Westgate-on-Sea	331	40.5	2.2	3.8	11.8
242	Walthamstow Hall	Sevenoaks	195	62.0	2.8	5.9	17.9
County Average				57.1	2.7	5.3	16.5
Lancashire							
235	Arnold School	Blackpool	181	62.2	2.8	5.9	18.0
75	Bolton (Boys Div)	Bolton	41	75.3	2.8	7.2	21.7
90	Bolton (Girls Div)	Bolton	99	74.0	3.0	6.8	21.6
316	Bury Grammar	Bury	169	56.3	2.5	5.2	16.4
298	Bury Grammar (Girls)	Bury	144	57.6	2.6	5.4	16.7
226	Hulme Grammar	Oldham	173	63.2	2.6	6.0	18.3
257	Hulme Grammar, Girls	Oldham	96	60.3	2.8	5.8	17.4
339	King Edward VII	Lytham	312	55.0	2.7	5.3	15.8
266	Kirkham Grammar	Preston	373	59.8	2.9	5.5	17.5
117	Q Elizabeth's Grammar	Blackburn	166	70.9	2.8	6.7	20.5
338	Q Mary School	Lytham	303	55.1	2.7	5.2	15.9
321	Rossall School	Fleetwood	278	56.2	2.6	5.6	15.9
287	Scarisbrick Hall	Ormskirk	388	59.8	2.8	5.7	17.2
178	Stonyhurst Coll	Stonyhurst	167	66.7	2.9	6.1	19.5
281	Westholme School	Blackburn	313	58.9	2.7	5.5	17.1
County Average				62.0	2.7	5.8	17.9
Leicestershire							
121	Leicester High, Girls	Leicester	287	70.5	3.0	6.7	20.4
99	Loughborough Grammar	Loughborough	130	73.2	3.0	6.8	21.3
39	Loughborough High	Loughborough	86	79.6	2.9	7.6	23.0
159	Oakham School	Oakham	110	68.5	2.9	6.6	19.8
217	Ratcliffe College	Leicester	355	63.6	2.9	5.9	18.5
211	Uppingham School	Uppingham	203	64.1	2.9	5.9	18.7
County Average				69.9	2.9	6.5	20.2
Lincolnshire							
268	Stamford High, Girls	Stamford	248	59.7	2.8	5.6	17.3
126	Stamford School	Stamford	161	70.2	3.0	6.7	20.2
County Average				64.9	2.9	6.1	18.7
Merseyside							
199	Belvedere School	Liverpool	285	65.0	2.5	6.4	18.6
138	Birkenhead High	Birkenhead	139	69.7	2.9	6.5	20.2
148	Birkenhead School	Birkenhead	101	69.2	2.9	6.4	20.2
337	Huyton College	Liverpool	193	55.1	2.5	5.3	15.9
466	Kingswood School	Southport	471	32.1	2.0	3.2	9.2
208	Liverpool College	Liverpool	207	64.3	2.8	6.2	18.5
95	M. Taylors', Girls	Liverpool	85	73.5	2.8	7.2	21.0
37	Merchant Taylors'	Liverpool	N/A	80.2	3.0	7.5	23.3
409	St. Anselm's College	Birkenhead	272	46.1	2.4	4.4	13.3
311	St. Edward's College	Liverpool	222	56.7	2.6	5.4	16.4
371	St. Mary's College	Great Crosby	344	51.8	2.6	4.9	15.0
478	Wellington School	Wirral	454	21.0	1.4	2.0	6.1
County Average				57.0	2.5	5.4	16.4
Norfolk							
127	Gresham's School	Holt	89	70.1	3.1	6.4	20.5
441	Hethersett Old Hall	Norwich	467	41.5	2.9	3.7	12.3
417	Langley School	Norfolk	461	45.4	2.1	4.2	13.2
142	Norwich High, Girls	Norwich	189	69.5	2.8	6.6	20.1
193	Norwich School	Norwich	136	65.5	2.9	6.1	19.0
312	Thetford Grammar	Thetford	255	56.7	2.9	5.3	16.5
County Average				58.1	2.7	5.3	16.9
North Wales							
252	Howell's School	Denbigh	320	60.9	3.0	5.5	17.9
405	Penrhos College	Colwyn Bay	374	47.1	2.2	5.1	13.0
384	Ruthin School	Clwyd	443	50.1	3.5	3.4	15.9
273	Rydal School	Colwyn Bay	324	59.4	2.7	5.8	17.0
453	St. David's College	Llandudno	420	37.7	2.4	3.9	10.6
County Average				51.0	2.7	4.7	14.8
North Yorkshire							
70	Ampleforth College	York	48	75.9	3.7	6.1	23.0
421	Ashville College	Harrogate	323	44.8	2.5	4.3	12.9
304	Ayton School	Great Ayton	337	57.2	3.1	4.5	17.5
459	Bentham School	nr.Lancaster	419	35.9	1.9	3.7	10.1
157	Bootham School	York	276	68.6	3.4	5.9	20.5
269	Giggleswick School	Settle	322	59.6	2.6	5.9	16.9
114	Harrogate Ladies College	Harrogate	198	71.6	3.0	6.6	21.0
320	Mount School	York	356	56.2	3.0	4.8	16.8
96	Q Margaret's School	York	196	73.5	2.8	7.2	21.0
472	Read School	Selby	466	28.9	1.8	3.2	7.9
369	Scarborough College	Scarborough	338	52.0	2.5	5.2	14.8
218	St. Hilda's	Whitby	205	63.6	3.4	5.1	19.4
147	St. Peter's	York	197	69.3	3.0	6.5	20.1
80	York College, Girls	York	232	74.8	3.5	6.0	22.7
County Average				59.4	2.8	5.3	17.4
Northamptonshire							
278	Northampton High	Northampton	260	59.1	3.1	5.3	17.4
45	Oundle School	Peterborough	58	78.9	3.0	7.4	22.9
318	Wellingborough School	Wellingborough	131	56.3	2.9	5.0	16.6
County Average				64.7	3.0	5.9	18.9
Nottinghamshire							
82	Notts High School	Nottingham	33	74.7	3.0	7.0	21.7
116	Notts High, Girls	Nottingham	77	70.9	3.1	6.3	20.9
431	Worksop College	Worksop	431	44.2	2.2	4.5	12.5
County Average				63.2	2.7	5.9	18.3
Oxfordshire							
88	Abingdon School	Abingdon	38	74.1	3.2	6.7	21.8
341	Bloxham School	Nr Banbury	317	54.7	2.8	5.1	15.9
249	Carmel College	Wallingford	151	61.3	2.4	6.3	17.3
474	Cokethorpe School	Witney	473	27.5	1.3	3.2	7.4
98	Headington School	Oxford	133	73.3	2.9	7.0	21.1
473	Kingham Hill	Kingham	459	28.3	2.3	2.5	8.4
44	Magdalen College	Oxford	17	78.9	3.0	7.3	23.0
359	Our Lady's Convent, Senior	Abingdon	306	53.1	2.8	5.1	15.3
61	Oxford High School	Oxford	25	76.5	3.0	7.0	22.3
19	Radley College	Abingdon	27	83.7	3.2	7.6	24.6
306	Rye St.Antony	Oxford	297	57.1	2.7	5.6	16.3
463	Shiplake College	Henley-on-Thames	462	32.7	2.1	3.3	9.2
130	St Edward's School	Oxford	82	70.1	3.0	6.5	20.4
93	St Helen & St Katharine	Abingdon	52	73.7	2.9	7.0	21.3
302	St. Mary's	Wantage	352	57.4	2.5	5.8	16.3
203	Tudor Hall	Banbury	191	64.9	2.9	6.1	18.9
330	Wychwood School	Oxford	335	55.5	2.4	5.7	15.6
County Average				60.1	2.6	5.7	17.3
Shropshire							
386	Bedstone College	Bucknell	360	49.8	2.7	4.8	14.3
415	Ellesmere College	Ellesmere	423	45.4	2.2	4.7	12.7
308	Moreton Hall	Oswestry	330	57.0	2.4	5.9	16.0
325	Oswestry School	Oswestry	400	56.0	2.5	5.9	15.6
102	Shrewsbury High	Shrewsbury	160	72.9	2.9	7.1	20.9
46	Shrewsbury School	Shrewsbury	37	78.9	3.1	7.1	23.2
382	Wrekin College	Telford	391	50.5	2.5	5.0	14.4
County Average				58.6	2.6	5.7	16.7
Somerset							
333	Bruton Girls	Bruton	343	55.3	2.7	5.4	15.8
285	King's College	Taunton	242	58.6	2.6	5.8	16.7
185	King's School	Bruton	371	66.0	2.8	6.3	19.1
171	Millfield School	Street	175	67.2	2.7	6.5	19.3
254	Queen's College	Taunton	159	60.7	2.7	5.8	17.5
231	Taunton School	Taunton	299	62.8	2.8	5.8	18.3
209	Wellington School	Wellington	329	64.3	2.9	6.1	18.6
232	Wells Cathedral	Wells	183	62.8	3.2	5.2	18.9
County Average				62.2	2.8	5.8	18.0
South Wales							
294	Christ College	Brecon	296	58.0	2.8	5.5	16.8
122	Habs' Monmouth, Girls	Monmouth	135	70.4	3.0	6.6	20.5
214	Howell's Llandaff	Cardiff	186	63.9	2.7	6.2	18.3
393	Llandovery College	Dyfed	394	48.9	2.3	4.9	13.9
79	Monmouth School	Monmouth	115	74.8	3.0	6.7	22.0
295	Rougemont School	Newport	277	58.0	2.8	5.7	16.6
County Average				62.3	2.7	5.9	18.0
Staffordshire							
436	Abbotsholme School	Uttoxeter	410	43.2	2.4	4.2	12.4
343	Denstone College	Uttoxeter	368	54.5	2.7	5.1	15.8
161	Newcastle-under-Lyme	Staffs.	150	68.2	2.9	6.3	19.9
323	Sch. of S Mary & S.Anne	Rugeley	192	56.1	2.6	5.5	16.1
366	St Dom's Priory	Stone	403	52.2	2.5	5.4	14.7
424	St Dominic's	Stafford	345	44.5	2.3	4.4	12.7
412	Stafford Grammer	Stafford	435	45.7	2.4	4.5	13.1
County Average				52.0	2.5	5.0	14.9
Suffolk							
283	Culford School	Bury St.Edmunds	333	58.8	2.6	5.7	16.9
336	Felixstowe College	Felixstowe	292	55.1	2.6	5.5	15.6
367	Framlingham College	Nr.Woodbridge	407	52.1	2.4	5.2	14.8
123	Ipswich High	Ipswich	170	70.4	3.0	6.6	20.4
132	Ipswich School	Ipswich	70	69.9	3.0	6.3	20.5
427	Royal Hospital	Ipswich	328	44.3	2.9	3.4	13.6
251	St Felix	Southwold	182	61.0	2.5	6.0	17.4
352	Woodbridge School	Woodbridge	233	53.9	2.5	5.2	15.5
County Average				58.1	2.6	5.4	16.8
Surrey							
444	Box Hill School	Dorking	451	40.3	2.2	4.1	11.4
105	Caterham School	Caterham	88	72.4	3.1	6.6	21.2
53	Charterhouse School	Godalming	46	77.7	3.1	7.1	22.7
256	City of Lon Freemen	Ashtead Park	271	60.3	3.0	5.3	17.9
345	Claremont Fan Court	Esher	211	54.3	2.7	5.1	15.7
81	Cranleigh School	Cranleigh	107	74.7	3.2	6.7	22.0
288	Dunottar School	Reigate	318	58.5	2.6	5.9	16.5
77	Epsom College	Epsom	54	75.2	3.0	7.0	21.9
410	Ewell Castle	Ewell	357	45.8	2.4	4.1	13.4
378	Frensham Heights	Farnham	359	51.0	2.7	5.1	14.5
354	Greenacre School	Banstead	390	53.5	2.4	5.3	15.3
32	Guildford High, Girls	Guildford	105	80.5	3.1	7.5	23.4
355	King Edward's	Nr. Godalming	376	53.5	2.7	5.1	15.4
364	Notre Dame	Lingfield	415*	52.4	2.7	4.9	15.3
381	Parsons Mead	Ashtead	416	50.8	2.5	5.2	14.3
475	Pierrepont School	Farnham	464	27.3	1.5	3.1	7.3
400	Prior's Field School	Godalming	450	47.9	2.3	5.3	13.1
440	Reed's School	Cobham	457	41.9	2.3	4.0	12.1
184	Reigate Grammar	Reigate	100	66.1	2.9	6.2	19.2
22	Royal Grammar	Guildford	8	83.2	3.1	7.5	24.4
380	Royal Naval	Haslemere	350	50.9	2.4	5.3	14.3
17	Sir William Perkins	Chertsey	132	84.7	4.0	6.4	26.2
68	St. Catherine's	Guildford	171	76.2	3.0	7.0	22.3
451	St David's	Ashford	448	38.6	2.4	3.6	11.3
238	St. George's College	Weybridge	254	62.2	2.8	6.0	17.9
342	St John's School	Leatherhead	283	54.7	2.5	5.5	15.5
188	St. Maur's	Weybridge	234	65.8	3.0	6.0	19.3
361	St. Teresa's Convent	Dorking	396*	53.0	2.9	4.5	15.8
59	Tormead School	Guildford	117	77.2	3.4	6.7	23.0
133	Woldingham School	Woldingham	146	69.9	3.1	6.4	20.4
County Average				60.0	2.7	5.6	17.4
Tyne and Wear							
108	Cen. Newcastle High	Newcastle-upon-Tyne	50	72.0	3.0	6.6	21.1
212	D.Allan's Schools	Newcastle-upon-Tyne	227	63.9	2.8	5.9	18.6
196	King's School	Tynemouth	346	65.4	3.5	4.9	20.2
377	La Sagesse Convent	Newcastle-upon-Tyne	387	51.2	2.5	5.0	14.7
228	Newc'le U Tyne Church High	Newcastle upon Tyne	270	63.2	2.9	5.6	18.7
40	Royal Grammar	Newcastle-upon-Tyne	23	79.1	3.4	6.8	23.6
455	Sun'land Church High	Sunderland	432	37.4	2.1	3.9	10.5
428	Westfield School	Gosforth	399	44.3	2.8	4.5	12.5
County Average				59.5	2.8	5.4	17.4
Warwickshire							
144	King's High for Girls	Warwick	113	69.4	2.9	6.5	20.1
177	Kingsley School	Leamington Spa	307	66.7	3.2	5.7	19.9
395	Princethorpe College	Rugby	444	48.6	2.3	4.7	13.9
106	Rugby School	Rugby	53	72.3	2.9	6.7	21.1
243	Warwick School	Warwick	116	61.8	2.9	5.6	18.2
County Average				63.7	2.8	5.8	18.6
West Midlands							
137	Bablake School	Coventry	75	69.7	3.0	6.4	20.4
309	Edgbaston C of E Coll.	Birmingham	389	56.8	2.8	5.5	16.4
229	Edgbaston High, Girls	Birmingham	246	62.9	2.8	6.1	18.1
414	Highclare School	Sutton Coldfield	452	45.5	2.1	4.9	12.6
434	Holy Child	Edgbaston	362	43.6	2.1	4.3	12.4
52	K Edward VI High, Girls	Birmingham	15	77.8	3.0	7.4	22.5
4	King Edward's	Birmingham	2	93.2	3.4	8.0	27.8
72	King Henry VIII	Coventry	68	75.8	3.1	7.0	22.1
442	Royal Wolverh'ton	Wolverhampton	384	41.5	2.4	3.8	12.1
160	Solihull School	Solihull	129	68.3	3.0	6.2	20.0
396	Tettenhall College	Wolverhampton	314	48.6	2.6	4.6	14.0
113	Wolverhampton Grammar	Wolverhampton	148	71.7	3.0	6.7	20.8
246	St. Martin's	Solihull	N/A	61.5	2.8	6.1	17.5
County Average				62.8	2.7	5.9	18.2
West Sussex							
279	Ardingly College	Haywards Heath	309	59.0	2.8	5.6	17.1
92	Burgess Hill, Girls	Burgess Hill	201	73.7	2.8	7.3	21.0
107	Christ's Hospital	Horsham	111	72.2	2.9	6.9	20.9
408	Farlington School	Horsham	N/A	46.4	2.8	4.5	13.4
328	Hurstpierpoint College	Hassocks	261	55.9	3.0	5.1	16.3
179	Lancing College	Sussex	124	66.5	3.0	6.1	19.4
187	Rosemead School	Littlehampton	421	65.9	3.8	5.1	20.2
470	S. Michaels Burton Park	Petworth	441	29.5	2.5	2.6	8.7
468	Seaford College	Petworth	465	30.8	1.9	3.3	8.5
233	Sion School	Worthing	425	62.6	2.7	6.2	17.9
206	Worth School	Crawley	180	64.5	2.7	6.2	18.5
County Average				57.0	2.7	5.3	16.5
West Yorkshire							
262	Ackworth School	Pontefract	230	59.9	2.6	5.7	17.3
332	Batley Grammar	Batley	305	55.3	2.6	5.2	16.0
146	Bradford Girls' Grammar	Bradford	114	69.3	3.0	6.4	20.2
35	Bradford Grammar	Bradford	36	80.3	3.2	7.2	23.6
461	Fulneck Boys	Pudsey	414	34.7	1.9	3.6	9.7
448	Fulneck Girls	Pudsey	445	39.3	2.1	4.0	11.0
462	Gateways School	Leeds	455	33.6	1.7	3.5	9.4
426	Hipperholme Grammar	Halifax	377	44.3	2.2	4.3	12.7
41	Leeds Girls' High	Leeds	83	79.0	3.0	7.4	22.9
65	Leeds Grammar	Leeds	56	76.3	3.3	6.7	22.6
66	Q Elizabeth Grammar	Wakefield	194	76.3	3.0	7.1	22.2
362	Rishworth School	Sowerby Bridge	397	52.9	2.6	5.0	15.3
356	Silcoates School	Wakefield	259	53.5	2.5	5.2	15.4
413	Woodhouse Grove	Bradford	424	45.7	2.3	4.5	13.1
190	Wakefield Girls	Wakefield	241	65.7	3.1	5.8	19.4
County Average				57.7	2.6	5.4	16.7
Wiltshire							
143	Dauntsey's School	Nr. Devizes	221	69.4	3.3	6.0	20.7
166	Godolphin School	Salisbury	177	68.0	3.0	6.2	19.9
85	Marlborough College	Marlborough	55	74.6	3.1	7.0	21.7
58	St. Mary's	Calne	24	77.2	2.9	7.5	22.2
394	Stonar School	Melksham	439	48.9	2.3	5.1	13.7
438	Warminster School	Warminster	428	42.6	2.2	4.3	12.1
County Average				63.4	2.8	6.0	18.3
NATIONAL AVERAGE				61.3	2.7	5.2	17.8

Dame Allan's and Dame Allan's Girls School have a common sixth form. Results are combined. Results for Halliford School include those for St David's School. Lord Mayor Treloar has severely disabled students only. Sevenoaks School results include an unofficial conversion of 71 IB candidates' results. The table excludes results from schools in Scotland.

On the way to Madurai: a view from the Vaigai express, in the southern Indian state of Tamil Nadu

David Pilling

India: a penitential ride to Madurai

David Pilling joins the tide of humanity pressing towards Shree Meenakshee, where 'nothing is remotely intelligible'

THE ONLY signs of activity at Pondicherry railway station were two goats gnawing at the door of a stationary box-car and the window of the ticket office slamming shut to mark the start of a three-hour lunch break.

My mission to buy tickets to Madurai, a holy city in the southern Indian state of Tamil Nadu, had hit its first, but by no means its last, obstacle.

I was bound for Madurai to join the torrent of pilgrims that gushes the length and breadth of India to visit the Shree Meenakshee temple, a medieval walled city that daily draws 10,000 Hindu devotees into its mysterious labyrinth.

The path of the Indian pilgrim – spiritual considerations aside – is not an easy one, the most earthly hindrance being the bureaucracy that chokes the railway system.

I was just preparing myself to do three hours' penance at Pondicherry station when an old man with a gnarled face like a tree stump took pity on me. Barging through a door marked "Strictly No Admittance", he barked something in Tamil to a reclining figure in the inner sanctum of the ticket office.

The only part of this official's anatomy in sight was the blackened soles of his feet resting on the desk top. The feet shifted slightly, as if in thought, and then a reply wafted back on the stifling midday air.

The tree stump wrinkled his brow and translated: "No tickets left, master." Pondicherry's four-seat quota had been sold. I would have to travel to Villupuram, an hour's drive away, to "try my luck".

My object was to secure myself a reservation on the Vaigai Superfast Express, an Indian bullet that "races" the 300 miles between Madras and Madurai in 10 hours. I would intercept the train about half-way.

The next day, in accordance with the tree stump's advice, I caught a bus to Villupuram where the main-line station exuded the same sleepy air that I had encountered in Pondicherry.

The windows at each counter, about the size of a fist, were at chest level, obliging customers to stoop to make their inquiries. Adopting this ungainly posture, I peered into the Dickensian gloom of the inner office. Through the fug was revealed a world of dusty ledgers, rows of pigeon holes, and mounds of yellowing papers. Clerks, squinting over thick spectacles, scratched away at dog-eared forms which flapped in the gust from helicopter-like ceiling fans.

It was a full five minutes before someone shuffled over to the window. He stuck his head to the opening, displaying a set of splayed, yellowing teeth like windswept tombstones. Tickets for Madurai had to be purchased at the other counter, he said.

I was the only customer, so I slid across to the neighbouring window. Here the same official, who betrayed not the slightest sign of recognising me, informed me that all reservations had been sold. He could, however, supply an unreserved ticket. I would, in a phrase to which I was growing accustomed, have to "try my luck" when the train arrived.

I traipsed through an enclosed wooden walkway to the platforms on the other side of the tracks. Resuscitated by a beer – served in a chipped ceramic teapot to bypass the state's licensing laws – I went in search of the station master.

The station master was most friendly when I showed him my unreserved ticket stub, but he could not help. He advised me to see the chief ticket inspector in the next office.

The chief ticket inspector, a man with a clipped military bearing and a clipped military moustache, thought he could find me a reserved seat. He motioned for me to wait and hurtled off down the platform. Some time elapsed before he returned, somewhat deflated, with the news that all reserved tickets had been sold.

I guessed he must have gleaned this information from the man with the tombstone mouth, from whom I had bought my ticket an hour earlier. I resolved to abandon all attempts to finagle a reservation.

When the train finally pulled in, the much-touted luck on which I had been encouraged to rely was not in evidence. After the stampede of red-outfitted porters and frantic passengers had subsided, the dust cleared to reveal every seat on the train taken.

My only recourse was to stand in one corner of the carriage near a stainless steel washbasin, gulping water in the stultifying heat and closing my eyes as gusts of dust swept through the open window.

The train moved along at quite a respectable pace, sliding past a landscape of brick-red plains and neon-green paddy fields. Hawkers rushed up and down the ailes peddling *samosas*, warm cartons of mango juice, sweet tea, sweeter coffee and Indian sweets, which were not sweet at all.

After several hours of this pandemonium, the sun set and calm descended as the train slipped through the night air. At 10pm, Madurai station stole upon us and I joined the scramble to disembark.

Outside, the streets were a tangle of bicycles, rickshaws and carts pulled by bullocks with painted horns curved like crescent moons. Everywhere were wheels turning, wheels bumping over stony roads, wheels skidding into muddy potholes and tangling with the spokes of other wheels.

The atmosphere was frantic, even by Indian standards. Television sets blared in the absence of viewers, rickshaw drivers touted for business though no one sought their services, and a snake charmer treated me, in spite of my protests, to the gruesome display of a mongoose biting the head off a cobra. I retired early to bed.

The next day, I joined the tide of humanity that swept through Madurai's streets to the Shree Meenakshee temple. A walled city within a city, the Shree Meenakshee lives and hums according to its own arcane rules. The complex is entered through one of its four main *gopurams*, 150-ft-high pyramidal towers smothered in gargoyle-like sculptures of gods and animals.

If the ticket office had presented a Dickensian world, then to cross the temple threshold was to enter a medieval kingdom. Inside, barefoot pilgrims milled around. There were gaunt, half-naked men with tousled hair and staring eyes; ladies resplendent in silk *saris*; musicians blowing on long pipes; beggars in rags; men in orange with shaved heads; men in *dhotis*; men in suits and men in trances. Everywhere I looked were things I didn't understand.

Many people had their heads daubed with yellow, red or white powder; some had intricate tattoo-like patterns etched across their forehead.

I wandered through the many-pillared halls, alternately illuminated with shafts of blinding light, and shrouded in grimy blackness. Bats fluttered in the rafters and the eerie sound of chanting echoed through the corridors.

In each of the halls were characters from Hinduism's pantheon of gods. There was many-limbed Kali, elephant-headed Ganesha, figurines representing the planets, Shiva, Vishnu, and the sacred bull Nandi.

Many of the deities were housed, rather sacrilegiously to my eyes, in padlocked cages. Some were gaudily painted, others charred by incense and candle smoke. All drew a constant procession of worshippers who prostrated themselves before the blackened deities or presented them with garlands of flowers.

I became more and more lost in the maze-like city, trying in vain to make sense of a religion that produced such devotion. It was hard to understand how such bizarre representations of gods could exert so strong an influence over India's 700m Hindus. Everything in Shree Meenakshee was endlessly fascinating, nothing remotely intelligible.

Hinduism, I concluded, was not unlike the railway system. To the uninitiated it made no sense. But to Indians, well versed in its mysterious ways, it was as good a way as any to navigate the sub-continent's hostile terrain.

■ David Pilling travelled c/o Bales Tours (Bales House, Junction Road, Dorking, Surrey, RH4 3HB, brochures: 0306-885923) in conjunction with the Government of India Tourist Office.

Accommodation was with Taj Hotels. Bales organises 10-day escorted tours of southern India starting from £1,195, which include a visit to the Shree Meenakshee temple, Madurai.

TRAVEL

The sound of tour buses

James Henderson traces the hallowed footsteps of Julie Andrews

BARE mention of Salzburg is enough to send some people into a spin. They hear the intoxicating strains of Strauss and see a host of waltzers processing around a baroque ballroom. And Salzburg is Mozart's birthplace. My sophisticated friends made a pilgrimage there last year to honour the bicentenary of his death.

Rightfully, the town has a special place in the heart of every music lover. So why was it that the first thing I discovered in Salzburg was *The Sound of Music* minibus tour? I could feel my sense of the absurd twitching at once.

I scuttled to the back of the bus and surveyed my fellow passengers. Up front were three college girls from Ohio on a lightning tour of Europe; next were two Australians, who looked as though they had been on the road for a couple of years (their rucksacks were emblazoned with flags from almost every town between Athens and Glasgow); next to me was a timid South American who hid behind his camera bag.

Gingerly, we sounded each other about *Sound of Music* knowledge — director (Robert Wise); date (1964); how many Oscars (five). Spontaneously the bus began to hum. Girls in white dresses with blue satin sashes, snowflakes that stay on my nose and eyelashes...

As we drove, scenes of the film appeared before me. We passed the suspension bridge, now ageing, beneath the castle. I half expected to see Julie Andrews race by with a crowd of children.

Pieter, the tour guide, was a fount of information. Although the story is based in truth, *The Sound of Music* was adapted from an earlier German film, sanitised for family consumption, then turned into a musical.

He corrected a few of the most flagrant myths: the butler, the arch-baddie in the film, was not so bad in reality, as he helped the family to escape from the Nazis; sorry, but the Baron was not against the family singing, either. He had been bankrupted and the septet was his main earner.

We headed off, through the alley of trees where the children played in their clothes made from bastardised curtains, to the Leopoldskron Villa, one of a profusion of palaces built by the prince-archbishops of Salzburg and used in the film as the Von Trapp family home.

Now it is owned by an American business school, so it cannot be visited, but the view across the lake is as attractive as ever. The gazebo is gone, though. Obviously too many couples were creeping in there at night and singing cloying duets.

Pieter even took us to the original Von Trapp family villa in the suburb of Aigen. It was taken over by the SS as a communications centre during the war. Although the family returned there briefly afterwards, it is now the headquarters of a Catholic mission to South America.

As we drove up into the mountains, Pieter snapped *The Sound of Music* soundtrack into the tape machine. The bus burst into song. The Salzkammergut, in the mountains above Salzburg, is a remarkably beautiful region of lakes, alpine peaks and gorges, where we were given a chance to practise our yodelling.

Finally, we came to the spot where the film opens, with Maria chasing across the hills, turning circles, arms flung wide. It is not surprising that she was late for prayers when she heard the bell ringing – it must be 10 miles back to the abbey.

The college girls danced and skipped down the hillside. The Aussies sauntered off and bought a Salzburg sticker. Occasionally a vast lens emerged from behind the camera bag.

It makes me squirm just to think about it. But somehow it suited me better than a couple of hours of Mozart. Even if my smile was not entirely innocent, there was an infectious joy about *The Sound of Music* minibus tour.

A gloomy monument to Columbus

Kevin Rafferty visits the Dominican Republic's capital

IN 1492, as every schoolchild on either side of the Atlantic knows, Columbus sailed the ocean blue and landed – second stop – on the shores of the island that he christened Hispaniola. Almost 500 years later, Joaquin Balaguer, president of the Dominican Republic, is set to milk the quincentenary for all the political capital it is worth.

The organising committee claims the republic is the starting point for the transfer of "the values of western civilisation to America." The old colonial quarter of Santo Domingo, the Dominican Republic's capital, is being renovated. Roads and bridges are being repaired. New tourist facilities are being prepared for the 1m or more visitors expected for the October celebrations.

In the biggest and costliest venture of all, the government is finally completing the 60-year-old plans of former dictator Rafael Trujillo for a mammoth Columbus lighthouse. This is meant to be the last resting place for Columbus's bones and from the top it will project a 1m-candlepower crucifix into the night sky. Pope John Paul II will be on hand to bless the lighthouse when it is formally opened.

There are plenty of ironies here. The blind octogenarian President Balaguer is responsible for lighting the light. The lighthouse that the Pope will bless has been carved out of one of the capital's slums. And hundreds of people have been displaced and scattered to provide room for the monument, its vast grass surroundings and pools and fountains.

Yet when the lighthouse light has been switched on, all surrounding electricity has frequently gone off, for up to four hours a time. Even without the lighthouse, power cuts are frequent in the Dominican Republic.

The monument cannot be counted as one of the seven or even 77 or probably even 777 wonders of the modern world. Do not start to think of the lighthouse as a gracefully tall tower on the edge of land warning of rocks and treacherous seas. There is nothing graceful about this hulk, a chunk of gloomy grey concrete faced with marble and engraved with crosses. It is not on the edge of the sea, and the only noteworthy landmark is the slum now pushed 700 metres away.

I had expected to see some phallic monster. In fact, the Columbus lighthouse is broader than it is long, covering two street blocks of the former slum. It shows all the imagination of some communist functionary's dreams.

Of all the projects the Pope has blessed, this seems the hardest to justify for a man of God or a man of compassion. At least the massive new basilica at Yamassukro, in the Ivory Coast countryside, modelled on – but bigger than – St Peter's in Rome, could claim to be a monument to God as well as to President Houphouet-Boigny.

Perhaps a stern Polish Pope will appreciate the austere grey outlines of the Columbus lighthouse. But didn't his advisers ask awkward questions about a cross on top of a lighthouse? Normally, a light warns ships to keep their distance. Is the cross in the night sky meant to be a beacon or a warning to the world?

Among other plans, the government of the Dominican Republic is going all out to attract tourists. It has an eye on cruise-ships, which it hopes to persuade to call at the run-down port where only a few rusting tramp ships are now in evidence. It makes sense to a hard-pressed economy where tourism is already the largest money-spinner, worth $800m last year.

But there is still a long way to go before anyone would rate Santo Domingo a *must* destination, even on a sun-soaked cruise.

The old town has its nice points: some delicate old Spanish-style houses, pretty squares, the house where Columbus's brother lived, the oldest cathedral in the New World begun in 1596. But you can walk around it all very quickly.

Weekend FT

PINK SNOW

FT skiers - please help us to find other FT skiers, and help yourself to the chance of a free week's skiing. This Autumn, the Financial Times will publish a guide to the world's 100 top ski resorts, based on the researches of our own experts and the experiences of our readers.

To help us compile the reports, please complete this questionnaire, which will entitle you to be entered in our free prize draw. The first prize is a week's skiing holiday for two in a catered chalet in Klosters in January 1993, offerd by Powder Byrne. Six runners-up will each receive a bottle of pink champagne. Please send your completed questionnaires by September 12 to: Ski Survey, Weekend Financial Times, 1 Southwark Bridge, London SE1 9HL. The winners' names will be published on Saturday, September 19. The senders of the first seven questionnaires drawn from all received will be declared the winner and runners-up.

PLEASE ANSWER THE QUESTIONS BY PUTTING A ✓ IN THE APPROPRIATE BOX, OR BY WRITING IN THE SPACE PROVIDED.

1 How would you rate your skiing ability? cc.1

- Beginner ☐ 1 (12)
- Intermediate ☐ 2
- Expert ☐ 3

2 What forms of skiing do you do? *(Tick as many as apply).*

- Downhill/alpine ☐ 1 (13)
- Crosscountry/langlaufing/ski de fond ☐ 2
- Touring skiing ☐ 3
- Ski jumping ☐ 4

3 How many skiing holidays have you had in the last five years (count a holiday as four or more nights away from home)?

- 1 ☐ 1 (14)
- 2 ☐ 2
- 3 ☐ 3
- 4 ☐ 4
- 5 ☐ 5
- 6 - 10 ☐ 6
- more than 10 ☐ 7

4 How many short skiing breaks have you had in the last 12 months (count a short break as up to three nights away from home)?

- 1 - 2 ☐ 1 (15)
- 3 - 5 ☐ 2
- 6 - 10 ☐ 3
- more than 10 ☐ 4

5 In which countries have you skiied during the last five years?

- Switzerland ☐ 1
- Austria ☐ 2
- France ☐ 3
- Italy ☐ 4
- Canada ☐ 5
- Andorra ☐ 6
- Germany ☐ 7 (16)
- Scotland ☐ 8
- USA ☐ 9
- Spain ☐ 0
- Other *(Write in)* (17 - 18) ________

6 In which resorts have you skiied during the last five years? *(Please write in)*

________ ________ (19 - 20)

7 (a) With which tour operators, if any, have you booked a packaged skiing holiday during the last five years? (b)Please rate them for efficiency of service A - D, where A = excellent and D = poor.

(a) Tour Operator *(b) Rating*

________ ________ (21 - 22)

8 Thinking of the resorts which you have visited in the last five years, which one (or ones) had the best snow conditions?

________ ________ (23 - 24)

9 And which resort(s) had the greatest variety of ski runs?

________ ________ (25 - 26)

10 And which were best equipped with ski lifts so as to provide minimum waiting?

________ ________ (27 - 28)

11 And which had the best weather conditions (eg most sun)?

________ ________ (29 - 30)

12 Which resort(s) had the best ski schools?

________ ________ (31 - 32)

13 Which resort(s) had the best ...?

- hotels ________ hotel names ________ (33 - 35)
- restaurants ________ restaurant names ________ (36 - 38)
- shops ________ shop names ________ (39 - 41)
- après ski facilities ________ establishment names ________ (42 - 44)
- facilities for children ________ (45 - 46)

14 Taking everything into consideration which is your favourite resort among those you have visited?

________ (47 - 48)

15 How often do you read (a) the Mon-Fri FT? (b) the Sat FT?

	(a) Mon-Fri FT	(b) Sat FT
Every/nearly every issue	☐ 1 (49)	☐ 1 (50)
Quite often	☐ 2	☐ 2
Very occasionally/never	☐ 3	☐ 3

16 Finally some details about yourself

Are you:

- Male ☐ 1
- Female ☐ 2 (51)

Aged

- under 25 ☐ 1
- 25 - 34 ☐ 2
- 35 - 44 ☐ 3
- 45 - 54 ☐ 4 (52)
- 55 - 64 ☐ 5
- 65 or over ☐ 6

- Working full-time ☐ 1 (53)
- Working part-time ☐ 2
- Studying ☐ 3
- Housewife ☐ 4
- Retired ☐ 5
- Unemployed ☐ 6
- Otherwise not working ☐ 7

Gross income per annum

- Less than US$34,999 ☐ 1 (54)
- US$35,000 - US$64,999 ☐ 2
- US$65,000 - US$109,999 ☐ 3
- US$110,000 - US$184,999 ☐ 4
- US$185,000 or over ☐ 5

To enter the free prize draw enter your name and address or attach your business card

Name: Mr/Mrs/Ms ________

Street and number ________

Town ________

Country ________

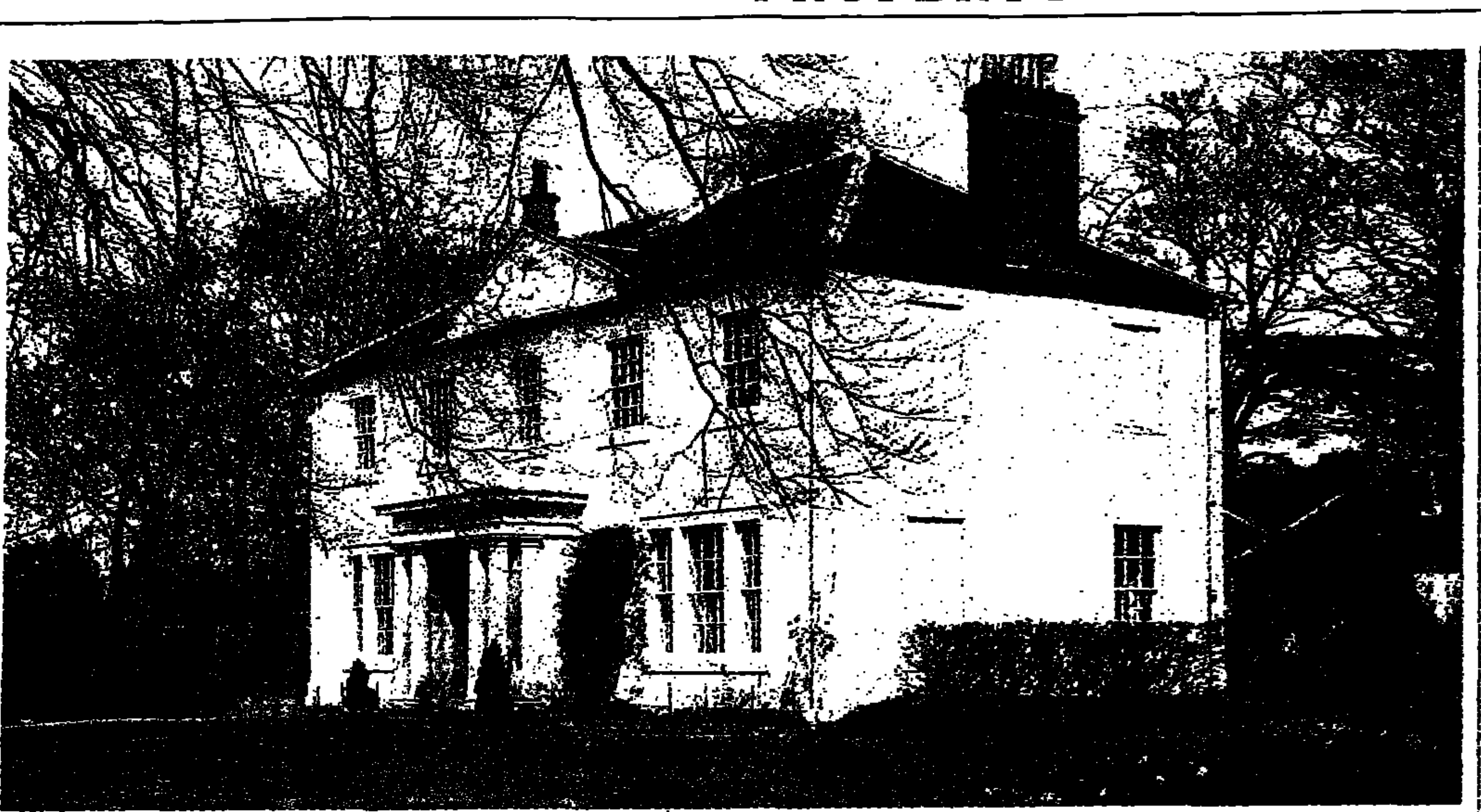
Postcode ________

Telephone : ________

Please tick box if you would prefer not to be contacted in the future by the FT. ☐ (55)

THANK YOU FOR YOUR HELP

PROPERTY



Quarter House by Denny in Stirlingshire. The six-bedroom house was built in the late 18th century. It is being offered by Brodies of Edinburgh (031-228-4111) with stable yard, two cottages and 63 acres. The asking price is £350,000

On the Scottish estates, rich buyers are no longer biting

James Buxton finds that the Scottish property market is lean and mean

THE PHRASE that best describes the way the Scottish residential property market differs from that of England is: "leaner and meaner."

The Scottish market is leaner because it carries a much less prominent belly of unsold properties – with the obvious exception of the amply proportioned sporting estate sector and, to a lesser extent, country houses.

It is meaner in that values are generally lower than in England, the scale of borrowing is less and Scots are enjoying the advantages of being more prudent.

The housing market has come to life since the general election. The easiest way to measure this is to visit what amounts to the trading floor of the Edinburgh housing market, the Edinburgh Solicitors' Property Centre.

In Scotland, solicitors rather than estate agents handle the bulk of housing transactions. Probably nowhere is their grip stronger than in Edinburgh where they have 80 per cent of the market. They display the thousands of properties on their books in one large shop in the centre of the city.

Whereas the Halifax house price index for the year to March 1992 showed prices falling by up to 8 per cent in parts of England and Wales, for Scotland it registered a rise of almost 4 per cent, nearly keeping pace with inflation.

However, the Halifax figure, reflecting the whole of Scotland, may paint a picture that some people living in the central belt of Scotland would not recognise. Colvil Johnston, of the estate agents Slater Hogg & Howison, says that house prices in the central belt fell by between 12 and 15 per cent after the market peaked in 1989 (a year later than in England), though rose again last year by 5 to 6 per cent.

The Scottish average was kept up by the performance of the Aberdeen and Dundee areas. In Aberdeen prices have risen by 11.7 per cent over the past 12 months because of the strength of the local economy which is driven by North Sea oil.

Scottish houses never suffered boom and slump to the same extent as the southern half of England. Price were pushed up in the period to 1989 partly by people moving up from England, such as returning Scottish expatriates and recruits to the financial services sector.

The shake-out that followed was smaller than in England because the boom had been so much less excessive. As Johnston explains, Scots generally borrow a much smaller proportion of their salary than English people to finance house purchases and their salaries tend to be a little lower.

However, two sectors of the market have suffered badly: the market for larger houses and for estates, both of which are affected by factors in the south of England. The flow of money for house purchases from the south has dried up in the last 18 months as people there found it almost impossible to sell their houses.

According to Robert Balfour, of Bidwells in Perth, prices for country houses with land have fallen by between 10 per cent and 40 per cent in the last year, and most houses priced at over £200,000 were unsold at the end of last year. Although the general election removed uncertainty, he says this part of the market is still in recession.

Bidwells is offering Feddinch, a seven bedroom country house two miles from St Andrews in Fife. It is surrounded by a 243 acre estate and is on the market at a guide price of £800,000, though it is available either as a whole or in seven lots, including the walled garden, cottages and arable farmland.

Knight Frank & Rutley in Edinburgh has a small number of important properties on sale, although Colin Strang Steel says the market is only now coming to life, not least because the miserable spring made it difficult to take appealing photographs of houses.

It is asking for offers over £450,000 for Ratho Hall at Ratho, Midlothian, just to the west of Edinburgh and only two miles from the airport. Ratho Hall is a pretty Georgian house surrounded by 22 acres of garden, woodland and fields. Typically of tightly-held houses in the Edinburgh area, it is coming on the market for only the second time in more than 40 years.

In the Borders, the Scots baronial mansion of Dawyck (pronounced Doick) is on the market for £550,000. Dawyck is at Stobo, in Peeblesshire, in a specially pretty part of the Tweed valley and stands next to an arboretum run by the Royal Botanic Garden of Edinburgh. Dawyck is being sold jointly by Knight Frank & Rutley and Sotheby's International Realty with 61 acres, three cottages, a lake and gardens.

The biggest overhang in the Scottish property market is in sporting estates, demand for which reached its peak as late as 1990, but has now evaporated. Demand is weak because, as Andrew Smith of Strutt & Parker in Edinburgh says, "a sporting estate is a luxury item and the people who were buying them before are often those worst hit by recession." Supply is strong because some of the same sort of people need to realise assets.

There are about 20 estates still on the market from last year covering about 250,000 acres of hill, bog and river. They include the 77,000 acre Mar Lodge estate near Balmoral on Deeside, which US multi-millionaire John Kluge has been trying to sell for a year. Conservation organisations are trying to assemble a financial package to which the government would contribute to buy Mar Lodge "for the nation."

Into this unpromising market has come an island, the kind of property that usually generates enormous interest. Gigha, off south-west Scotland, is being sold through Savills in Edinburgh. The vendor is Interallianz Bank of Switzerland which took possession of it as creditor of Tanap Investments, a property company run by Macolm Potier, a businessman who bought it in 1898.

Gigha is six square miles and has a mansion, a hotel, fish farm and superb gardens which flourish in the moist air of the Gulf Stream. No asking price has been set.

Buyers flock to Dublin's fair city

DUBLIN'S run-down, tatty days – when property was cheap, goods dear, and fashionable people shopped in London – are over. High street names are commonplace now, lining main streets and cobbled alleys; shops are spruced-up and paintwork fresh.

Residential trends are changing, too. "In the past 12 months, there has been a marked shift in demand," said Ken MacDonald of estate agent Hook & MacDonald. "Young, first-time buyers and investors are buying in the city centre, for convenience."

He cited New Row Square off Patrick Street: this entire modern development of 96 one- and two-bed flats sold within three days of its February launch. Other developments are taking place along the quays either side of the River Liffey, south around Dublin Castle and the cathedral, and north around Mount Joy Square – about 400 acres in all.

Recognising the strong demand for residential housing in the city centre – and anxious to clean up and refurbish the remaining shabby inner-city neighbourhoods, as well as generating new construction – the government has introduced an urban renewal programme with favourable tax breaks for those buying properties there.

Nowhere are these breaks more favourable than in Temple Bar, a small pocket of narrow, cobbled alleyways and fringe theatres, pubs, clubs and muralled walls tucked away between the the city's financial headquarters on Dame Street and the river.

Traditionally, it was a centre for craftsmen such as printers, publishers, clock-makers, bookbinders and cutlers. But mass production in the 1950s killed the crafts. The national bus company, CIE, then chose Temple Bar as the ideal site for its central terminus. But its plans floundered and, in the 1980s, it leased the properties at low rates to traders. Theatres and galleries were established along with bistros, pubs and shops.

Temple Bar's tax breaks work in two ways. They favour the refurbishment of existing buildings over the construction of new ones – and they are generous to a fault. For example, until April 5 1996, those who buy properties are entitled to a 100 per cent write-off against tax on the refurbishment costs.

Live in the property and, subject to certain conditions, you can get an additional 100 per cent write-off on the developer's cost of acquiring the building (net of site value) or its market value on January 1 1991 (again, net of site value), whichever is the lower. New buildings are eligible for a 50 per cent write-off on capital investment. The government's aim is to create a cultural and recreational quarter, rather like London's Covent Garden, in which people can live as well as play.

Temple Bar's first residential project, the Royal Exchange, was launched at the end of June. Once a hotel, built in 1766, the completed exchange will have 15 one- and two-bed flats over shops. Priced between I£56,000 and I£75,000, all were sold off-plan in the first weekend of the launch.

Similarly, 5-6 Temple Lane South, a new block of fairly compact residential units over commercial, sold as soon as word was out. But there are more on stream, one a joint venture between Temple Bar Properties (the government company set up to develop the area) and Temple Bar veteran Patrick Oman.

Oman, who runs an international removal company, was active in Temple Bar when there was dereliction all around and the bus terminal threat remained. He developed his warehouses in Crown Alley into shops selling Doc Martens and recycled clothes plus a boutique, a music store and a rock music venue known as the Rock Garden. Crown Alley became the main street in Temple Bar.

Now, Oman is developing a Victorian block facing Dame Street next to the Central Bank. Foggy Block, he calls it, after the Foggy Dew pub (which he describes as "a cheap, scruffy pub serving the best pint of Guinness in Dublin"). The pub will stay but there will be a couple of licensed restaurants, a dance gym and 40 flats priced between I£55,000 and I£85,000.

Since they will qualify for the maximum tax concessions, all are likely to have been sold by the spring.

■ *Further details from Hook MacDonald, 52 Merrion Square, Dublin 2; Temple Bar Properties, 20 East Essex Street, Dublin 2; and the Irish Mortgage Corporation, 46 St Stephen's Green, Dublin 2.*

Rebecca Stephens

COUNTRY PROPERTY

GARDENING/OUTDOORS

Tens of thousands of visitors flock to Rosemoor in Devon which is now being planned for all-season display

A garden to visit

Blooming, old-fashioned effort

Arthur Hellyer revisits Rosemoor in Devon and is surprised and excited at the imaginative planting

I HAVE just revisited Rosemoor, the Royal Horticultural Society's new garden at Great Torrington, Devon, two years after its opening and was astonished by the growth of the new planting. It is extensive and brilliant.

Rosemoor lies in a well-wooded valley through which the Torridge flows. The B3220 road from Great Torrington to Exeter cuts through the estate. The house and garden are on the east side of that in the upper part of the valley. Since 1989, when Lady Anne Palmer gave the property to the Royal Horticultural Society, a completely new garden has been designed for the large area of land on the other side of the road running almost down to the river. It is being planned for all-season display with great masses of flower colour. Lady Anne's garden is much more restrained in character with many fine trees and shrubs and a peak flower display in May and early June when the rhododendrons and azaleas are at their best.

The RHS has built a fine visitor centre just below the road on the west side and this not only contains a shop, restaurant and library but also serves as a focal point for the new garden which lies below and can be overlooked from the paved terraces around the building.

Garden design is largely formal with four huge rectangles immediately below the visitor centre, one devoted entirely to shrub and old-fashioned roses, a second to modern roses and the third and fourth called colour theme gardens. These are filled with a miscellany of plants in which hardy herbaceous perennials predominate. Shrubs and annuals are also used. The master plan has been by Elizabeth Banks Associates, but the planting, which is brilliantly successful is almost entirely by Christopher Bailes, the garden's curator. He is also responsible for the planting in formal beds around and immediately below the visitor centre with half-hardy perennials. This is of particular interest to home gardeners. Many may be able to grow some of these plants from summer cuttings or by division and to overwinter them in frames, conservatories or sunny windows.

There are wide paths flanked by herbaceous borders and, again, the planting schemes are excellent and the growth superb. Much of the explanation for this fine performance is the fact that every square yard of ground has been double dug in the old fashioned way, 2ft deep, the upper soil well-manured. This is the way all good English gardens were cultivated early this century and it is still the best way.

There is a highly original potager, or ornamental fruit and vegetable garden, surrounded by walls on which ornamental gourds grow and with complex wrought iron arches for vines and other climbers. Beside this is a paved herb garden intended especially for the disabled in which the seats have been kept low and the borders built up well above ground level. It was only completed this spring but from the established look of the garden you would never guess.

More is on the way. A cottage garden already has its summer house, framed with seasoned oak which is fitted together in the old fashioned way without nails or screws, infilled with wattle and daub and with a thatched roof. The soil will be double-dug this autumn and planted next spring in an easy-going cottage manner without too much thought about clever colour schemes. There is also to be a foliage and plantsman's garden with planing by Christopher Bailes.

Already in existence are a long, lavishly planted streamside garden coming down the hill from Lady Anne's garden. The pool in her garden has been filled in and a larger pond and bog garden made.

A new lecture wing is to be added to the visitor centre this winter and there is plenty of room outdoors for further development as time and money permits. One of the reasons for the good order and rapid growth in this garden is that about 30 volunteers come and work free in it for a few hours each week, each being given his or her own section and each vying to ensure that theirs is the best.

Fishing / Tom Fort

Bring on the rain

EARLIER this year the Prince of Wales went to a drought-stricken region of Britain to make some forthright remarks about water and the inept way in which it is managed. The elements responded with a downpour of such violence that his words were almost drowned.

Since then, I am delighted to say, we have had a decent English summer. We have had enough rain to keep the countryside green and pleasant rather than brown and blistered, as in the past two years, and to make us appreciative of hot days, instead of blasé and irritable.

One result is that drought has ceased to be an issue. But I like to think that fishermen see a little deeper. For us, the water question remains one of burning import.

It does one no harm to be reminded, as well, that it is highly complex. The temptation to leap to conclusions and shout one's mouth off is immense. This has been brought home to me by a bulky publication from the National Rivers Authority (NRA), a report commissioned by the NRA and produced by the water consultants W S Atkins on the condition of the upper reaches of one of our most famed trout streams, the Kennet.

The document is dry and dusty and packed with incomprehensible statistics, inscrutable graphs and baffling charts. But where I can understand it, it makes sombre reading. It charts in unemotional sciencespeak the desperate fate that has overtaken what was once a glorious chalkstream.

The broad conclusions are simply summarised. Lack of water has resulted in complete degradation. The trout have gone, the fly life and invertebrates have gone, the healthy weed has gone. Where there is any water at all, it is a dark, silty, lifeless trickle. This decline has been replicated – to a lesser but still appalling extent – along other rivers.

One assumption which the report challenges – one to which I have tended to subscribe – is that the deterioration is a contemporary phenomenon. In fact, the problem of lack of flow – which is at the heart of the story – has been observed and bemoaned for at least 60 years.

The report refers to an article written just after the Second World War by a Colonel Maurice, whose family had held fishing rights above Marlborough since Victorian times. It is entitled "Passing Of A River – An Obituary," and records the decline of flows since the days in the 1890s when the river at Manton flowed brimfull in the longest droughts of summer.

As it happens, I have a little book called *Sometimes An Angler*, by Henry Maurice. He was, I am sure, the brother of Col. Maurice, and he describes the persistent drying out of the stream in the mid and late 1930s. Maurice lays the blame on abstraction from the chalk acquifers – ruthless and increasing pillaging, he calls it.

I, too, have done my bit in belabouring the abstractors. I am sure I shall do so again, for pillaging is often the right word for it. Nevertheless, this report also compels reassessment in this controversial area. It states that, although abstraction is a factor in causing low flow, it is largely insignificant beside the chief villain, lack of rainfall. It calculates the impact of drought as being four times that of abstraction.

This conclusion has not been greeted joyously by conservation bodies dedicated to protecting the Kennet. Abstraction by man is an evil that can be fought, even reversed. But all one can do with drought is to shake one's fist and pray.

I suspect that the scientists may have underestimated the degree to which abstraction is to blame. And I am convinced that unless the supply of water becomes an important factor in planning policy, and the conservation of water a warmer political issue, we are guaranteeing environmental disaster.

But the key is more rain. We must have it, and soon, or these rivers will be dead. As I write, the clouds are piling up and another storm threatens. Splendid! The sound of water beating on the cobbles in my courtyard, the sweep of window-wipers on my car and the splash of wheels through deep puddles – all these, more than ever, are music to my ears.

Fancy a flutter?

THE HIGH Brown Fritillary, one of Britain's fastest butterflies, is probably also its most endangered. Since 1950, its range has contracted by 94 per cent, leaving only 37 known colonies country-wide.

The orange-brown butterfly, with chequered upper wings and silver dots beneath, is threatened by the decline in traditional woodland management and by the attack on bracken. High Brown caterpillars feed on violets found among bracken. As bracken disappears, so do the butterflies.

Gardeners can do their bit to encourage butterfly conservation by choosing specific plants and flowers that attract them. You will have a tough time enticing the High Brown because of its specialised needs, but many of Britain's 54 other resident species are bound to pay a visit .

Butterflies need nectar for energy, warmth to become active, and shelter from wind. Those that might visit your garden depend on its location, soil type and the proximity of heathland, grassland or broadleaf woodland.

Woodland species such as the White Admiral will probably not drop in, but you can expect those that are widely distributed and feed from a range of plants.

Long-flowering plants that appeal to butterflies include aubrieta, buddleja, candytuft, heliotrope, lavender and scabious (annual). Most butterflies appear in the summer and autumn, so concentrate on plants that flower then.

The least expensive way of creating a butterfly garden is by sowing annual seeds, but you can also buy wild flower seedlings and bulbs from specialists such as John Chambers, which delivers by post.

■ Information: *Gardening for Butterflies, £1.50. Butterfly Conservation, PO Box 222, Dedham, Colchester, Essex, CO7 6E7. John Chambers' Wild Flower Seeds, 15 Westleigh Road, Barton Seagrave, Kettering, Northants, NN15 5AJ, tel: 0933-652562.*

Hilary de Boerr

Lawrence's writing in the raw

***Anthony Curtis** welcomes the original text of a famous novel*

SONS and Lovers was published on May 29 1913 by Gerald Duckworth and was the novel that established D H Lawrence as a writer of importance. But the text that has been in general use for the past 79 years is not the one that Lawrence, had he lived in an ideal world, would have wished to stand as the true text of his novel - or so the editors of this new edition tell us.

Helen and Carl Baron have scrutinised the manuscripts of the earlier drafts (where the novel is titled *Paul Morel*) and the original sets of proofs corrected by Lawrence and have produced a text as close as possible to the one that they believe Lawrence would have preferred to have seen in use.

That, as they realise, is a hypothetical criterion. If Lawrence could return from the dead to read the book under review he might conceivably have second thoughts and wish to continue to leave out material they have put back. There is, for example, the parallel case of T S Eliot, whose *Waste Land* first appeared in a text that had been drastically cut from the original version by Ezra Pound. The poet gratefully accepted these cuts as an improvement of his work and they have remained in force ever since. The first printed version of *The Waste Land* has not been superseded, even though the earlier and much longer uncut version was made available to the public after Eliot's death.

SONS AND LOVERS
by D H Lawrence, edited by Helen Baron and Carl Baron
Cambridge £70, 675 pages

But there is good reason to believe that, unlike Eliot, Lawrence was not at all happy about the cuts made by Edward Garnett for that first edition of *Sons and Lovers* and that he only agreed to them out of expediency. He desperately needed at this crisis point in his life - when he had turned his back on Eastwood and England and had gone to Germany with Frieda - to get his novel published, both for the sake of his reputation and to earn some urgently required cash. For his later books he would break free of Garnett's editorial yoke and would in most instances refuse to compromise on points of emendation and cuts requested by publishers.

The changes imposed by Garnett come under two main heads: those made in deference to Mrs Grundy, and those made to give greater unity (in Garnett's eyes) to the ultimate shape of the novel. Mrs Grundy was a fictional Mary Whitehouse who emerged at the end of the 18th century and whose abhorrence of any hint of explicit eroticism in the text of a novel acted as a tyrannical restraint upon publishers and hence upon novelists, particularly in the late Victorian period.

Mrs Grundy's views were rigorously upheld by the circulating libraries which were the chief commercial outlet for fiction-publishing in the UK until the 1930s. Many of the leading male late Victorian English novelists suffered grievously from Mrs Grundy. She was, for example, an important cause of Hardy giving up novel-writing. George Moore publicly took issue with her in his pamphlet *Literature at Nurse*, attacking her strictures while he defied them in novels like *A Modern Lover*. But it was left to Lawrence and Joyce to rout her totally.

The editors of this new edition give several examples of the kind of changes Garnett made in his Grundyite capacity. One example will suffice. In the chapter "Passion", Lawrence originally wrote: "He bent forward and kissed the two white glistening globes she cradled." This sentence has appeared hitherto as: "He bent forward and kissed her, held her suddenly close and kissed her again". It is good now in this edition to have the truly Lawrentian passage restored and this applies at many other points in the story.

The question of unity is more controversial. The editors point out that Garnett, schooled in the mainstream tradition of the English novel, conceived of unity as a narrative that subordinated everything to tracing the fortunes of an eponymous hero or heroine. They also point out that Lawrence finally called his novel *Sons* plural and *Lovers* and that its unity comes from its detailed depiction of one family, a group of remarkably well-defined individuals, their interaction with each other and with those people outside who threaten the mother-dominated family's solidarity. The novel is, in spite of the earlier title, a novel about a family-group, its survival and ultimate break-up, not just a novel about Paul Morel, Lawrence's fictional *alter ego*.

Thus William, Paul's older brother, competes for the reader's attention in the opening until his untimely demise - so harrowingly described in the chapter called "A Death in the Family". Mrs Morel's reaction to William's betrothal to the vacuous Lily, who gives herself such airs when she comes to stay with them, foreshadows Mrs Morel's attitude to Paul in his relations with Miriam. Garnett, keen to get on with the narrative, cut some passages relating to Will.

A comparison between the two versions suggests that in the event Garnett was quite skilful and that nothing of really crucial importance was lost. The character of upwardly mobile Will, the first family member to rise within the system, renounce the pits as a bread-ticket, integrate himself into the metropolitan middle-class and make a disastrous liaison with a woman quite unsuited to him, has always been a distinct part of the whole picture. Here again it is good to have precious sentences and touches, making it even fuller rehabilitated.

Even if we do not feel that the novel emerges in quite such a radically altered form as the editors imply, we can all be grateful for the appearance of this much more authentic text. The explanatory notes contain a wealth of information on everything from local Nottinghamshire and Derbyshire dialects to music hall songs, Biblical, classical and French literature, illuminating Lawrence's more obscure references. An Appendix reprints the Foreword to the novel Lawrence wrote in Italy in 1913 (not actually printed until 1932). There are also maps of the district in which the novel is set and a complete account of variant readings in the manuscripts. In other words, the Barons have done a highly professional job and the new text they have established here will be the one that all readers and students of D H Lawrence will need to use from now on.

Before eyebrows go up at the price of this book, let me end by saying that there is also a "trade" edition containing the newly-edited text of *Sons and Lovers* at £14.95. This is some 200 pages shorter than the one at £70 and lacks the editors' introduction and all the critical apparatus.

Biographia Trollopiana

***Robert Blake** on the latest life of a Victorian writer*

IN AN ideal world there would be some sort of central mart of exchange to which biographers could apply for information about who else was working on the same subject. This would be particularly helpful when the relevant sources were in the public domain.

Official biographers who are given first and exclusive access to a person's papers are in a different situation. Their work cannot be pre-empted. They may or may not produce books worth reading, but at least there is no danger of being forestalled. When Lord Beaverbrook invited me in 1950 to write the life of Bonar Law, whose papers he owned, I felt safe on that score - if not on others.

I was in a more perilous situation in 1958 when I decided, unprompted, to embark on a biography of Disraeli, whose official life had been completed in 1920 and whose papers had been open to inspection for many years, though in physically daunting conditions. I saw no way of ascertaining what might be in the pipeline and resolved to take a risk, but I was momentarily dismayed when a US professor published a book on Disraeli's youth which anticipated a discovery I thought I had made about Disraeli's early sexual imbroglios. Luckily for me the book was by a toiler in what Paul Johnson has described as the "Eng.Lit.Crit. Industry", and therefore unreadable.

These personal reflections are prompted by the remarkable outburst of Biographia Trollopiana which has occurred in the last four years. When Victoria Glendinning began her research in 1988 she had no idea that three other authors - all of them American, as it happens - were busy in the same field and had been for several years. The last serious life of Trollope, by James Pope-Hennessy, had appeared in 1971.

There is no obvious reason for the revival of interest, no centenary or other significant date, yet the appearance of four biographies, of which this is the latest, coincides with the foundation of the Trollope Society of London and New York which is publishing a uniform edition of the novels. It also coincides with the placing of a memorial in Poets Corner in Westminster Abbey and with a Prime Minister who is a Trollope fan (not the first to be) and who took for holiday reading, no doubt as a relaxation from perusal of the Treaty of Maastricht, *The Small House at Allington*, which Victoria Glendinning, if she had to make a choice, would place among the seven best of all the novels.

I have read only one of the three earlier biographies, Richard Mullen's *Anthony Trollope, A Victorian In His World* (Duckworth 1990). Reviewing it for the *Financial Times* I described it as "a great literary biography, one of the best to appear in recent times. It is unlikely ever to be superseded". I would stand by that verdict. Victoria Glendinning has not superseded Mullen, nor has she made any such claim. What she has done is to write a perceptive and sensitive study of Trollope's life and writings from a slightly different angle.

TROLLOPE
by Victoria Glendinning
Hutchinson £20, 551 pages

Mullen saw the key to Trollope in his desire to be respected not only as a novelist but as a serious writer who wanted to influence public life. Hence the importance of his non-fiction works and, apart from those, his important role as a Post Office official - inventor of the pillar box - and his unhappy foray into politics when he stood in 1868 as an unsuccessful Liberal candidate for the infinitely corrupt seat of Beverley.

Mullen saw Trollope's travel books and articles on British and US politics as "the best portrayal of his personality . . . I see his non-fiction as the key to his fiction." There is a great deal in this interpretation and Richard Mullen's use of the travel books and his full analysis of the affairs of the Victorian Post Office are very illuminating.

Victoria Glendinning's emphasis is rather different. She sees him as a man with an outer and an inner life. Behind the bluff, noisy, seemingly extrovert clubman, raconteur and shrewd man of business, there was a highly emotional person who understood affairs of the heart, the ways of men and women, the balance of power between the sexes in and out of marriage, with an acumen unrivalled among the Victorian novelists.

She does not underplay his public life but emphasises that it was balanced by another aspect, and she makes full use of his novels and autobiography to explain it. The publishers make something of the first biography of Trollope by a woman and Glendinning seems to believe that his wife Rose has been neglected by previous writers. These matters of "gender" can be overdone. In fact there is just as much, if not more, about Rose in Richard Mullen's book.

Trollopians should have both these biographies on their bookshelves, but if they have space or money for only one I would, at the risk of the charge of male chauvinism, advise Mullen's. His book is longer by 200 pages, more scholarly in terms of notes and index, and equally well written. The major sources in both books are the same and inevitably there is a great deal of overlap.

It was brave of Victoria Glendinning to go ahead in the knowledge of these forthcoming works but Trollope admirers will be glad that she did. Whether the market can sustain four biographies of the same person in four years is another matter. That is something for authors and publishers - especially the latter - to consider, not for reviewers.

■ **The Collected Shorter Fiction of Anthony Trollope, containing 42 short stories, edited by Julian Thompson, will be published next month by Robinson Publishing (£25, 959 pages)**

FT Children's Book of the Month

Poems with appeal for modern minds

THERE are always difficulties inherent in writing for an age group to which one does not belong, and nowhere has this been more evident than in the endeavours by grown-ups in this century to write poetry for children. Until the early 1970s, it seemed that children's poetry would never quite manage to crawl out from under the shadow of a handful of grey eminences: Robert Louis Stevenson, Walter de la Mare, Eleanor Farjeon and those twin masters of nonsense, Lear and Carroll.

Not that all these writers were not important poets, of course - to a greater or less extent, all of them were; but their collective influence was so pervasive that the majority of 20th century poets seemed unable to find voices of their own. The whole territory was rooted in nostalgia; enveloped in a Victorian-cum-Edwardian mist. The manners and the morals of the present seemed almost wholly absent. The urban child living with his mates in the post-war housing estates of UK cities could see at a glance that all this poetry stuff was beyond his ken.

Someone had to arrive with sufficient courage and distinctiveness to give voice to these children and that person proved to be Michael Rosen, whose first collection, *Mind Your Own Business*, was published in 1974. It was a book that seemed - to use a phrase fashionable among executives in American children's television - to empower the child, written as it was in hectic free verse, rancorous, raucous and healthily subversive.

This was not poetry handed down from above in well-sculpted quatrains, thrice blessed by tradition; it was, although written by an adult, verse that held up a mirror to a child's pre-occupations: all those nasty rivalries; the swift, fearful acts of vengeance; the carefree bouts of mental torture; all that reckless derring-do.

Rosen seemed to unlock the very spirit of modern children in that collection and what he created was, of course, imitated by lesser talents - to such an extent, in fact, that a respected children's novelist, John Rowe Townsend, once gave Rosen's manner of writing the title "urchin verse" as if to prove that he had spawned a movement.

Since that time, poetry for modern children has not looked back; not only have anthologies abounded but there have been many individual collections of importance. These include books (bucking the trend I have just described) written by the likes of Ted Hughes, a poet difficult to categorise at the best of times, and Charles Causley, who has breathed new life into the longer narrative poem.

THE MAGNIFICENT CALLISTO
by Gerard Benson
Blackie £5.99, 80 pages

POETRY BOOKS FOR CHILDREN: A SIGNAL BOOK GUIDE
by Brian Morse
Thimble Press £4.50, 64 pages

This month sees the launch of an enterprising new series of poetry originals from Blackie, a publisher that has been building up a steady reputation for itself in this area over the past five years. The series is edited by anthologist Anne Harvey and among the first batch of titles is *The Magnificent Callisto*, an outstanding debut collection by Gerard Benson. Judging by the ease with which he moves through different styles of verse - from puns to Anglo-Saxon riddles; from poems rooted in urban experiences to well-tempered fantasies; from nonsense poems to animal verse - his is a strong and fully-mature talent.

Benson is by no means new to the poetry scene: for many years, he has performed with the Barrow Poets, an ensemble of actors, musicians and poets based in the north of England that takes poetry into pubs, theatres and schools. He also helped to found Poems on the Underground, a poster campaign on the London railway system that has proved to be one of the most successful attempts in recent years to gain a more public audience for verse.

Last year, he won the Signal poetry award for an outstanding anthology entitled *This Poem Doesn't Rhyme*, which seemed to prove by its very title that he, too, might be a disciple of Rosen. The new book demonstrates that he has not only absorbed Rosen's influence but also reached far beyond it. Not the least impressive aspect is the difficult verse forms within which he works (the Villanelle, for example), and his thoroughgoing mastery of such traditional matters as rhyme and metre.

Poetry, this collection seems to remind us, is of course a form of self-expression and children need to regard it as such if it is to succeed in helping them to unlock their own lives. But it is also an art form, and good art is a difficult, demanding taskmaster which metes out its rewards only in strict proportion to the amount of effort expended.

If any additional proof were required that children's poetry is alive and well, we need only consult a useful new guide entitled *Poetry Books for Children*, by the children's poet and novelist Brian Morse. He has usefully selected, categorised and commented upon 200 titles that are now in print. It is an *embarras de richesses* indeed.

Michael Glover

Whites and wrongs

THE KENYAN novelist Ngugi Wa Thiong'O is right: "If you want to pity the white man, watch him dance." The dance on show in Jan Nederveen Pieterse's *White on Black* amounts to a quickstep through white European images of Africa and blacks in popular culture. This bold project sets out to compass the slave trade, plantation slavery, colonialism and its aftermath.

The book is popular in design and academic in method. Pieterse's prose is haunted by the language of academic jargon. But when he sticks to his illustrations and examples, he is readable and informative. He shows cultural stereotypes operating at all levels, and traces the white view of blacks as savage, uninhibited, libidinous, athletic or musical, to name but few. Pieterse, rightly, gathers French and Belgian examples along with the Dutch and English.

White on Black starts with Egyptian images of blacks. In general, Egypt, Greece and Rome took blacks as they found them: as Nubian warriors, as emissaries from the unknown described by Pliny, or as citizens of the Roman empire. With the rise of Christianity, the colour black accrued negative connotations, notwithstanding the legend of Prester John (an apocryphal Christian-Ethiopian) and extensive diplomatic links with Ethiopia as a potential non-Moslem ally in the Crusades during the 14th and 15th centuries.

In the 16th and 17th centuries, the focus shifted to America. The New World fascinated such stalwarts of western humanism as Montaigne, Hobbes, Locke and Montesquieu; for a while, Africa was forgotten. Then came slavery.

Between 1451 and 1870, around 15m slaves were imported into the Americas by Dutch, English and American traders. The ensuing abolitionist debate spawned anti-slavery tracts like Harriet Beecher Stowe's *Uncle Tom's Cabin* (1853), the book that started the civil war. Images of blacks as slaves appeared against a growing literature of denigration and condescension.

After slavery came colonialism, subjugation by another name. In England, C for Colony was as natural as the alphabet: "C is for Colonies, Rightly we boast, That of all the great nations, Great Britain has most" (*An ABC for Baby Patriots*, 1899). As the home nation reached out to impose values, it reaped benefits from colonial products like coffee, rubber or bananas; these reached its homes in advertisements picturing blacks.

WHITE ON BLACK
by Jan Nederveen Pieterse
Yale £20, 259 pages

In Africa, the props of colonialism, Christianity and commerce receive unequal attention; Pieterse is long on missionaries and short on economics. But, predictably, some shocking images emerge from colonial Africa, including the Mill Hill Missionary Calendar picture from May 27 1938 depicting a black child holding a tin of shoe polish above the caption *Nu weet u warom ik zoo zwart ben* ("Now you know why I am so black").

The second half of the book attends to European images of Africa and Africans as servants, sportsmen (Joe Louis), entertainers (Al Jolson) or erotic dancers (Josephine Baker in the famous banana skirt, 1926). These images hardened into advertising symbols like the golliwog, which once was the mascot of the Beatles but became more widespread as the face of Robertson's marmalade, or the Mohr, which is the face of Sarotti chocolate in Germany.

Blacks in advertising throughout the 1960s, '70s and '80s were associated habitually with the tropics - with fruit and plenty; this, says Pieterse, reinforced the white cultural prejudice that blacks were lazy and feckless. Only with Grace Jones' 1987 Citroën advertisements and Benetton's "United colours" campaign did the images start to change fundamentally. These moves relied on "Black is beautiful" and Black Power in the 1970s, and the crowning in 1984 of Vanessa Williams as the first black to be Miss America.

In essence, *White on Black* unpacks the prejudices in Euro-western staples like *Little Black Sambo* or the black maid in *Gone With The Wind*. This is a book about things rather than about theories, so Pieterse curbs his intelligence and avoids thinking in favour of showing.

He has developed, albeit half-heartedly, a crucial issue. He needs to broaden the coverage. His book should be transferrable to other cultures. It should show why and how the fact of us seeing the Shuar or Waorani in west Ecuador as savages makes it easy for us to cut down their rain forest.

Andrew St George

The wit and wisdom of an Irish man of letters

BRENDAN Behan once remarked that, when his biography came to be written, they would have trouble making out anything from his letters because he hadn't written any. Well, he bargained without E.H. Mikhail. Every time Behan set pen to paper, he unwittingly added to the scope of *The Letters of Brendan Behan*.

When, as an IRA man back in 1942, he sent a package of detonators and a Webley revolver to a friend, his accompanying note ("Please give bearer my equipment") was fodder for this wonderfully exhaustive work. When he signed an agreement with one Gerald C. Raffles giving him the "sole and full rights" to his most famous play, *The Quare Fellow*, the letter (including the three halfpenny stamps) finished up in this volume.

Mikhail's intention that his book should "restore the reality of the artist and the man" is unlikely to be advanced much by his inclusion of Behan's one-line note (in Irish) on the outside of a brown paper package to a pub owner, saying "To Arthur, with the love of my heart." Behan, who often had to pawn his typewriter to get the price of a drink, would have been prostrated by the thought that his idlest scribble would have ended up in a book costing no less than £45.

Still, this volume will be a gift for those like myself to whom anything by the author of *Borstal Boy* - the most remarkable of autobiographies - and *The Quare Fellow* is a pure pleasure. But I cannot say honestly that it will do much to explode "the myth of the boisterous performer," because Behan is a performer as a letter writer just as much as he is anywhere else.

Many of the letters are included already in Ulick O'Connor's admirable biography of Behan. The correspondence with Iain Hamilton is amusing. He was the publisher who commissioned Behan's first book, and whom he bombarded with excuses for late writing, requests for money, suggestions for textual alterations, and sundry thoughts such as his reflection that sexual frustration might have been what drove him and his IRA friends to political violence. "Maybe it would be a good thing for the peace of the world if sex (boy and girl stuff, I mean) was compulsory," he mused.

THE LETTERS OF BRENDAN BEHAN
edited by E.H. Mikhail
Macmillan £45, 224 pages

There is not much in the book to illumine Behan's relationship with his long-suffering wife, Beatrice, except for a charming little poem apologising for lapsing from his promise to her to foresake all other drink but stout, which ends with the lines: "Why does any woman/ give herself the trouble that/ husbands are when with less trouble/ she could buy and train a cat?"

Most, if not all, Behan's letters to the newspapers are printed here. Some are more essays than letters, such as his letter to the *New Yorker* which was published at the time his play, *The Hostage*, opened in New York and which summarises Behan's perception of himself as a playwright: "You see, in *The Hostage* I have nothing to sell, not religion, not a political system, not a philosophy, and certainly not a panacea for the ills of the world. I respect kindness to human beings first of all, and kindness to animals. I don't respect the law; I have a total irreverence for anything concerned with society except that which makes the roads safer, the beer stronger, the food cheaper, and old men and women warmer in the winter and happier in the summer.

One feud that he carried on through the letters pages of newspapers was that with Patrick Kavanagh, the northern Irish poet, who detested Behan (it was mutual). He also wrote to them to defend the Dublin working classes from the charge of fecklessness and the IRA from that of sectarianism. Behan might have left his past as a republican and house-painter behind with his success as a playwright, but he wasn't having anyone think that he had abandoned his identity.

Interestingly, his early letters from prison show that he was perfectly confident in his ability to capture the diction of the Dublin working classes in his first stab at a play: "I do claim to have taken nine real Dublin slummies and stuck them on paper. I even go so far as to claim that they are as genuine as any of O'Casey's battalion - maybe more so because O'Casey was a Protestant and that means a big lot."

Because Behan's great charm was to represent a very fluent Dublin proletariat, anything he writes is bound to give pleasure, receipts and all. But the wit of an Irish republican and alcoholic cannot really be captured by a heavy-handed Canadian academic. Anyone who wants the essence of Behan should save the £45 and clamour for his collected journalistic pieces, *Hold Your Hour* and *Have Another*, to be returned to print.

Melanie McDonagh

Fiction

Murder in theory

KNOWN variously as post-structuralism, deconstruction, or simply theory, the phenomenon which invaded academic literary criticism during the 1980s was more than a harmless excuse for students to disguise their ignorance behind an enthusiastic tissue of jargon and bad puns.

When its high priest, Paul de Man, was posthumously unmasked as the wartime author of pro-Nazi articles, the latent amoralism at the heart of the theory began to look more sinister. Inspired (though not explicitly) by the case of de Man, Gilbert Adair's *The Death of the Author* brilliantly combines a serious critique of a dodgy intellectual movement with a suspense-driven detective story.

Leopald Sfax, European emigré and Ivy League professor, is, in terms of Theory, the gurus' guru. His books (including the plausibly named *Either/Either* – Adair's post-structuralist pastiche achieves near perfection) have become cult objects. But their authors' background and personality remain elusive.

When one of his ex-students proposes to delve into his past and write his biography, Sfax begins to get hot under the collar. Then, inexplicably, one of his colleagues, a jolly, unreconstructed liberal humanist sort of chap who stands for everything Sfax despises – is murdered . . .

The death of the author is one of Sfax's critical shibboleths. For him, the author's intentions are irrelevant to the meaning of a text. Indeed, texts are mere matrices of "polysemous ambiguity", with no stable meaning at all and a big black hole at the centre.

This is convenient for Sfax, since, in practice, it follows that you can make anything mean whatever you want it to mean; there are no absolute moral values and Nazi propaganda can be made to look innocuous.

DEATH OF THE AUTHOR
by Gilbert Adair
Heinemann £13.99

FRAUD
by Anita Brookner
Cape £14.99

Adair's satire is clever, compact, and so lucid that no reader need be put off by its theoretical themes. Economically written and intellectually incisive, it exposes the sophistry and inhumanity at the heart of deconstruction through a network of exquisite ironies.

Written in elegant shades of grey, Anita Brookner's *Fraud* is a quietly melancholy book which leaves you with the taste of depression in your mouth. Its heroine, Anna Durrant, is a 50-ish spinster who has spent her entire life ministering to her widowed, and latterly invalid, mother.

Incarcerated in their faded pink-and-powder-blue Kensington flat, Anna finds her only solace or means of self-expression in making her own clothes – jewel-coloured silk tweed suits of perfect cut. Lawrence, her mother's doctor, once attracted her attention, but he has since been snapped up by the odious Vicky, who struts about in a bright red mini-dress, oozing vulgarity and sex in equal measure.

Since her mother's death, Anna has left the pastel-coloured prison for a flat of her own. Her claustrophobic existence has meant that she's made almost no friends, and when, one day, she disappears, her absence is not immediately noticed.

It is not until the end that we discover where she has gone and how she plans to rebuild her life. But although the book finishes on a hopeful note, this optimism appears fragile and unconvincing, since the bulk of Anna's story, with its themes of heart-rending loneliness, frustration, and emotional exploitation, is so unutterably bleak.

The title is provocatively Ambiguous. Is it Anna who's been defrauding herself of happiness? Does the guilt lie with her mother, whose so-called love might in fact be cruelty in disguise? Or is Lawrence the truly fraudulent one, deceiving himself into taking the easy option and ultimately punished for doing so?

As ever, Anita Brookner writes with a flawless sense of style. Her prose is limpid, controlled, and unfailingly in good taste. But there is such ugly dreariness in the human relationships she describes that, despite appearances, *Fraud* provokes feelings of real discomfort.

Lucasta Miller

Old found land

AS a chronicler of community, the Orcadian poet George Mackay Brown has few peers. *An Orkney Tapestry* and *A Portrait of Orkney* are easily the best introductions to those islands. His short stories – *A Time to Keep*, followed by the collections *Andrina*, *Hawkfall* and *The Masked Fisherman* – capture, as perhaps no-one else could, 12 centuries of island continuity and change.

Vinland is Mackay Brown's fourth full-length novel. His first, *Greenvoe*, coupled a Dylan Thomas-like skill at charting small-town life with a scathing attack on "progress" in the form of uranium mining (set to music in Peter Maxwell Davies's cantata *Black Pentecost*). It is when he dwells, with a kind of Homeric empathy, on the follies of man-made destruction or the shifting cross-currents of historical change that Brown most powerfully hits his mark.

The title is perhaps a misnomer. Like its predecessor, *Magnus*, to which it forms a sort of spiritual prelude, *Vinland* (the title derives from the Norse sagas of that name) is set as much in Brown's native Orkney as on the sea paths that lured the Vikings to North America. Were it not for the opening chapter one might surmise the place never existed, except in the mind's eye. Mackay Brown's Vinland is a land of lost content – an Elysium, with echoes of Swift and Defoe, briefly glimpsed, never-forgotten.

Stowing away on board Leif Erickson's longboat during his celebrated voyage, an Orkney boy, Ranald Sigmundson, alights on the coast of Newfoundland, where he and the crew encounter a peaceable indigenous Indian community whom they term "Skraelings", or savages. Primitivism strikes a chord and returning to "civilisation" – the intrigues of Norse and Scottish politics – Ranald reviews his Odyssey with growing nostalgia, withdraws from court bickering, settles down and turns to the images of Christianity as a source of renewal – a Grail for a system that reeks of blood-lust and decay.

VINLAND
by George Mackay Brown
John Murray £14.95

If the sentences are unhurried, the adventure itself shifts at arrow speed. The youth retrieves a family estate, fights the Irish near Dublin, and narrowly escapes to befriend a homicidal outcast, a Norse King and his vassals, the Earls of Orkney.

Ranald's growth to maturity is set alongside the gradual ascendancy of Catholicism. Europe is on the brink of change. A new era beckons.

Mackay Brown not only brings saga vividly to life but is equally at home with allegorical writing, akin to Hesse (*Narziss und Goldmund*) or Thomas Mann (*The Holy Sinner*). But while the climax to his last novel, *Time in a Red Coat*, served to sum up and focus an extended narrative, *Vinland*'s slightly self-conscious philosophical peroration seems rather less successful than the narrative itself in underscoring Ranald's emotive shift from heroics to asceticism.

Brown's poetry, esteemed alongside Scottish writers - Muir, McDiarmid, Dunn, Norman McCaig – permeates his novels. "Slow pulsings go through the elements of sea and land"; "The moon has gone into her cave with her pot of ashes and her quenched candle-stump"; "His beard a galaxy of tears". Images are carefully sustained, whether the recurrent Hindu notion of life as a threadbare coat, or the ship itself, figuratively inverted into the nave of an island church.

The characterisation is simple, but accomplished. Some might find such epic textures irksome. Those attuned to Mackay Brown's work will appreciate *Vinland* as more than just a good yarn. The adventurous reader, charting unfamiliar territory, will be amply rewarded.

Roderick Dunnett

Crime

Cadfael bones up

IN 1977, with *A Morbid Taste for Bones*, Edith Pargeter – writing under the pseudonym of Ellis Peters – initiated the chronicles of the 12th century monk Brother Cadfael and of his abbey of Saint Peter and Saint Paul in Shrewsbury. If, in becoming a Benedictine, Cadfael thought he was withdrawing from the world and its turmoil, over the past 15 years Ellis Peters has thoroughly undeceived him, for the abbey conducts its busy life in a veritable whirlwind of disorder and crime.

On the larger stage, there is the drawn-out conflict between King Stephen and the Empress Maud; closer to home, there are intramural jealousies, mistaken vocations, mysteries and murders. With Poirot-like insight into human frailties, and a fair dose of luck, Cadfael has proved capable of dispelling every shadow – at least until the next chronicle.

The 19th of the series had just appeared, entitled The Holy Thief (Headline £14.99); and Peters' publishers have chosen to celebrate the occasion – and the author's approaching 79th birthday – by reissuing, in hard cover, some of the earlier Cadfael stories and by announcing the recent conclusion of a deal for a Cadfael TV series.

The holy theft that serves as focus for the new Cadfael chronicle involves a saint's bones, which are the pride of the abbey and the envy of other, less endowed coenobia. Actually, the remains have already been the object of some trickery, as recounted in an earlier Cadfael volume; but this time the holy theft is accompanied by a distinctly profane robbery and a puzzling murder. There are some of the usual Peters ingredients – a lissome, slightly effeminate youth, a lapsed novice, a natural calamity (a flood this time) – and a fair amount of mediaeval erudition, notably about troubadors and ancient instruments.

While Cadfael addicts will find nothing to complain about, the more detached reader or one approaching the series for the first time may find this chronicle rather too discursive, even repetitious. The prose has an occasional slip, dropping from the usual, agreeable near-archaic into stark modern, with references to leaving "the options open" and even a "roll in the hay."

Anne Perry's murder stories set in late Victorian times and featuring Inspector Pitt and his intrepid wife Charlotte have by now won a loyal audience, which will welcome the latest in the series, Highgate Rise (Souvenir £14.99). The familiar world of hansoms and withdrawing rooms, with references to the Queen and Jack the Ripper, is carefully pictured. Some of the characters have a sub-Dickensian grotesque quality (and a pompous verbosity that we seem to associate with the final decades of the last century), and there is a great deal of reiterated information, but Perry sets a nice problem and keeps the story moving. When Charlotte Pitt, her pathetic maid Gracie, her sister Emily, and Emily's great-aunt-by-marriage all take a hand in the investigations, the narration assumes a prankish Nancy-Drew tone, and poor Inspector Pitt is reduced virtually to a walk-on role, but never mind, it's all in good fun.

After a dozen novels featuring the sage Superintendant Tesuo Otani, of the Kobe Police, the author James Melville has re-cast himself as a *gaijin* Watson and allows Otani, now officially retired, to tell the story of The Body Wore Brocade (LittleBrown £13.99) in his own voice, which – after all – is hardly distinguishable from Melville's. Having quarrelled with his wife, the long-suffering Hanae, Otani visits a Noh performance, then is accidentally shot, and is soon deep in a murder investigation.

As usual, Melville's (or Otani's) reader is unobtrusively taught a great deal about contemporary Japan, as exotic as Cadfael's Middle Ages or Pitt's Victorian London.

William Weaver

Untitled, circa 1939

Private sketches of Jack the Dripper's troubled psyche

***Marina Vazey** considers an exhibition of Jackson Pollock's collected "psychoanalytic" drawings*

IS EVERY scrap by a great or, at the least, both significant and controversial artist of interest to the general public as well as the scholar? Is every drawing, every piece of evidence of help to us all in tracking the paths of genius and talent? Moreover, should private notes and doodles be publicly presented? The secret drawers of the studio turned out? The confidential files posthumously exposed? These are increasingly pertinent questions for biographers – and art historians.

Such speculation is inevitable in the face of the array of drawings undertaken in the cause and course of psychotherapy by Jackson Pollock (1912-1956), the first mythical character of American art, which have been on view at the San Francisco Museum of Modern Art. A complete and handsome catalogue, *Jackson Pollock: "Psychoanalytic" Drawings* by Professor Claudo Cernuschi (Duke University Press) has also been published.

By his mid-30s, Pollock was probably the best known, or notorious, contemporary painter in America, nicknamed Jack the Dripper, for his innovative technique of pouring – even throwing – paint on to unstretched canvas laid out on the studio floor. A member of the first generation of abstract expressionists, the first American Ism to achieve international recognition, he had been the subject of a picture story in *Life* – an apotheosis indeed – calmly entitled "Is he America's Greatest Living Painter?", had represented America at the Venice Biennale, in a group show now seen by some commentators as a conscious bid for cultural clout in the early days of the Cold War, and had been the subject of a classic film by Hans Namuth.

By 1958, under the inspired guidance of Bryan Robertson, Pollock's first big retrospective was seen in Britain at the Whitechapel, and for the past four decades Pollocks have been eagerly sought by all major museums: his "Blue Poles", the most costly contemporary painting of its time when purchased by the National Gallery of Australia, was a *cause célèbre* down under, and graced an Australian postage stamp.

Pollock's noisy life, the subject of several biographies, continues to command interest, while his art gains in stature, as admired in Europe – unusually equally so in France and Germany – as it is in America. His reputation as an artist seems relatively secure. So the question is, do we need to see these drawings? For the public, do they cast helpful light on his character, working methods, and illuminate his art?

The conquering hero came to New York as a student aged 15; born in Wyoming, he had spent his childhood in California and Arizona. He was a profoundly neurotic and disturbed personality, as well as prodigiously prolific and active; and in the course of his life had several sustained periods of psychotherapy and analysis as well as in-hospital treatment, primarily for alcoholism.

In the course of his first period of therapy, with Dr Henderson, who had himself been analysed by Carl Gustav Jung, his analyst suggested that the artist bring in his drawings as a means of expressing himself – Pollock found conversation difficult – in the therapeutic situation. Nearly 25 years after Pollock's death, Dr Henderson retrieved the drawings from his files, exhibited them as a group, and put them on the market. Pollock's widow, the painter Lee Krasner, went to court to prevent their sale; in her view their public appearance violated the confidentiality of the doctor-patient relationship. But in 1977 Krasner lost the case, and the drawings have been in various collections since. So large a group has not been exhibited together for more than 20 years, although they were first published as a group in 1970, and are well documented in the Pollock catalogue raisonné published in 1978.

The present exhibition and publication plays down to the point of invisibility the Jungian interpretation of the drawings, and simply states that the drawings are not the product of neurosis but the result of Pollock's normal artistic practice. Thus there are quotation marks in the title for the adjective "psychoanalytic".

Well, yes and no: Pollock studies seem all too often to reel from one oversimplification to another. These drawings were not done for therapy, they were part of Pollock's normal working practice, but they were used in therapy. Pollock's communication was visual not verbal, and he was intensely eager and receptive to a variety of visual influences, from Amer-Indian art, heavily reliant on abstract symbols, the Mexican muralists, notably Orozco, and, especially, Picasso and the surrealists.

These drawings do impress because of their elaborate linear structure, their reliance on a beguiling and fascinating mixture of the representational and the abstract, with eyes – say – or equine forms appearing from out of a ferocious tangle of lines, stylised animal heads, stray limbs and animal bodies, some of which appear as relatively straightforward Picassoid variations. Anger and terror certainly are ingredients in a rather heady emotional mix.

However, San Francisco owns a Pollock masterpiece, *Guardians of the Secret*, a group of totemic figures emerging from a web of paint. To witness what Pollock could do at the height of his powers in a full scale painting puts the drawings into perspective as exercises, taking – in Paul Klee's phrase – a line for a walk. After all, Jung based his study of symbols on art over the millennia; Jungian symbols and archetypes are configurations used over many cultures and periods. Pollock, as Picasso, drew upon this universal seed-bed. What is characteristic of modernism in all its guises is the wealth of visual material available to all as never before, simply in fact of technical reasons: the abundance of museums, media and our ability to travel.

These drawings are in fact simply a curiosity, piquant because they show Pollock experimenting with an increasingly elaborate visual vocabulary, playing with an increasing elaboration of form. But they were not created to be put on public view, or to enter the public arena; they were private works, and relatively slight. It is the circumstance of their creation, not their actual presence, that provokes and teases. They are perhaps working drawings of the psyche, but few are related directly to his major paintings as we know them. Pollock's own statement, "The source of my painting is the unconscious" obscures as much as it illuminates, and these "psychoanalytic" drawings cast but fitful light on the creative process in general, and Pollock in particular.

Sex, religion, politics – and acting

***Michael Arditti** interviews the actor Gerard Murphy*

IN 1982, the opening production at London's Barbican Arts Centre was Trevor Nunn's *Henry IV*, in which Gerard Murphy made an achingly adolescent Hal. Ten years on he returns to the Barbican, playing under Adrian Noble as Oedipus in Sophocles' Theban trilogy, which is currently previewing in London after last year's successful season at Stratford-upon-Avon's Swan. It opens at The Pit on September 10.

It is Murphy's first venture into classical tragedy, although he has appeared opposite Glenda Jackson in two later reworkings, O'Neill's *Mourning Becomes Electra* at the Glasgow Citizens and Racine's *Phaedra* at the Old Vic. He is acutely aware of what is lost in translation: "Even in Timberlake Wertenbaker's excellent version, I miss the music of the Greek. No one *has* ever captured it. Even Yeats made the decision only to write the choruses in poetry, the rest in prose."

But the production style is no mere heightened naturalism; he describes how Noble has aimed to capture the spirit of the original. "It's easy to forget that all the plays, apart from *Oedipus at Colonus*, were first performed at festivals. They had the jubilance we associate today with musicals. Three actors would come and join a group of amateurs who'd been preparing the choruses for 18 months – like the local operatic society rehearsing the numbers for a show."

In today's theatre, where music with everything often seems to be the watchword, a far more daunting element may well be the theology. "The plays are inhabited by the gods. The religious element is crucial, and it's equally crucial that it's not Christian. Oedipus has to reject his son to fulfil his destiny; it's essential to show that this is the right thing to do in the religion of the play... But then all interesting plays are about sex, religion and politics, which as a Northern Irish gay Catholic interests me a lot."

The three plays, *Oedipus Tyrannos*, *Oedipus at Colonus* and *Antigone*, were not written as a trilogy – indeed the latter, which is the last to be performed, was written first – but Murphy finds the juxtaposition fascinating, both for actor and audience. He relishes the chance to age in the course of an evening and, like Derek Jacobi, is one of the rare actors who is equally convincing young and old.

If the age range of Oedipus is great, the emotional range is still greater. It is the latest in a long line of mammothly taxing roles which have led from his salad days at the Glasgow Citizens through Webster, Williams, Marlowe, Sartre, Genet and countless Shakespeares for the RSC. He is one of few younger actors who is happy to work on large stages. Though he talks of his love for comedy and the camera, it is always the classics to which he returns.

"I'm very attached to heightened work because I think it's dying, and it shouldn't. One reason a lot of actors say that they don't ever want to do the big parts in big spaces is because it's so exhausting. But I need it. I'm a drug addict and my drug is adrenalin; as soon as the adrenalin tap is switched off, I collapse. And I know nothing that gives you more adrenalin than to play big roles on big stages."

But the cost is clear. "With a part like Oedipus, I have to understand and at some level touch his emotions during the evening. Simply to do it technically, which any skilled actor can do, is cheating. I've learnt most about acting from great singers: Bette Midler, Van Morrison and, especially, Lena Horne. They make every audience feel as if it's special. I have to do the same. I have to expose my emotions. That can make you loved or hated, because some people don't like seethings that are so raw."

He learnt his credo, along with his craft, at the Citizens, which he joined in the late Seventies after studying music, his first love, in Belfast. There was no theatrical background in his family, who were all sailors and farmers, but "Ireland is very theatrical anyway."

The Celtic connection was maintained in Glasgow, where the artistic triumvirate of Giles Havergal, Robert David Macdonald and Philip Prowse became his mentors. The work was famously challenging and he was encouraged to take as many risks in his acting as the company took in its repertoire. Indeed Havergal's belief that, as a subsidised theatre, they had a duty to be adventurous has influenced him ever since.

And, though he has worked in it almost exclusively and for the past decade the RSC has been his second spiritual home, it is the subsidised theatre's timidity that he sees as the cause of the current malaise. "Theatre is becoming terminally safe. Everything is constrained by profitability. The RSC and the National were built as centres of excellence – and there's a lot of excellence there – but what they really are are centres of success."

Like other actors in their late thirties, and some notoriously younger, he has diversified into directing, with *Deathwatch*, *The Maids* and a highly acclaimed *Edward II* for the RSC. This is not fuelled by dissatisfaction with established directors but respect for them: "Acting is a bit like prostitution, which is not a job I demean at all. Although I know that many disagree violently, I truly believe that it's the actor's job to do the director's version of a play, even if it means making a fool of oneself. And so to do a production myself is a great joy."

Gerard Murphy as Oedipus

In March he goes to Japan to direct and design *The Merchant of Venice*. He is rapidly learning Japanese, as much to socialise with the actors in the pub as to discourse with them in the rehearsal room. "I originally intended to do a very visual production; but then they can do that so much better. So I thought I'd do a Western-style production, which meant getting to grips with the text."

He has commissioned a new translation. There are 42 versions of the play in Japanese and each is in some way unsatisfactory: generations of elocution students would be dismayed to discover their favourite speech transcribed as "Mercy doesn't come through muslin, but falls directly from top to bottom."

Acting remains his primary focus: "I love my job. It's only because art in this country is so undervalued that people like me are put in the position of wondering whether what we do is worthless. I love going to the theatre: I can feel more revived from that than anything, whether I laugh, think or cry." A welcome affirmation from an actor who boldly breaks rules and boundaries, giving reality to the largest of emotions and clarity to the most complex of men.

ARTS

Edinburgh International Festival

Non-vintage but plenty of fizz

FT critics assess this year's Fringe and listen to young solo singers

NOBODY would call this a vintage year for the Edinburgh Fringe: a fact which probably reflects the recession. I won't spend time on most of the Fringe shows I've seen this year.

I was glad to see an Italian troupe, Le Maschere, perform Goldoni's *Un Curioso Accidente* at the Richard Demarco Gallery (in Italian) and an Edinburgh student troupe, Les Escogriffes, perform Marivaux's *Les Fausses Confidences* at the Adama House Theatre (in French), but my pleasure was in the plays. Likewise *Sex After Supper*, a celebration of erotic poetry from Shakespeare to the Restoration, was a welcome introduction to reams of period sex. In none of these cases, however, were the performances remarkable.

It is a tonic when an interpreter of real authority turns up. In the case of Eleanor Bron there are two types of interpretation involved. She has translated from the German Christine Brückner's *Desdemona – if you had only spoken!* (1983) – subtitled "Eleven Uncensored Speeches of Eleven Incensed Women" – and has had it published by Virago (paperback £5.90). She is also presenting three of the speeches as a one-person show, directed by Stuart Burge. At the Pleasance it is a sell-out, with several hundred viewers a day.

Brückner's ploy – women of history or legend telling history or legend their way – is not new, but it is fun. This is Feminism Without Tears, devoid of stridency; Goethe's common, fat wife does not rail at Goethe but merely rebukes his aristocratic soul-love, Charlotte von Stein, for being so snotty. As a stage show, it is meant to be a tour de force, and succeeds.

Everything about Bron turns into expression. The very bones of her face are grateful for the limelight; the grand arcs of the eyebrows rise and fall; the dark eyes themselves turn and gleam; the teeth and lips shine and open. She turns each character, flawlessly, into someone British. Martin Luther's wife busy at her kitchen table, is Scottish; Petrarch's Laura, dying of the plague, speaks with the grand utterance of a Mediterranean aristocrat who has learnt English; Goethe's wife Christiane, fat, heavy, fond of port and not long to live, is Yorkshire.

But the show is rather too charming. I admired Bron's elegance and virtuosity, but she didn't always make these characters real. We're too conscious of the effect each moment is designed to make. Her diction is beautiful, but it goes more for the music of the lines than their drama. (The two need not be distinct goals.) Bron is always a charmer; but she could be so much more.

As sociology and as politics, but not as entertainment, let me recommend the late-night *Moulin Russ*, a satirical cabaret given by half-a-dozen Moscow University Student Show. The intellectual age of most Festival fringe Shows is about 19, but this one is nearer 12.

The kids begin by sending up the world's clichéd idea of Russia – Tchaikovsky, soul, high art – and then present an equally cliched but far more cynical idea, in which all Russians are bored with work, are besotted with vodka and keep committing suicmde.

I laughed three times. Twice at the all-male dead-drunk Siberian Tango, all off-balance and drink-driven. And once as the cute compere behaved like a pimp to one of his girls and took from her the tip she had just received; beaming at the audience, he announced proudly "Our first step towards capitalism."

The show's most interesting side was its pretence at decadence while displaying a sexual innocence unknown in the West. Once I thought two men were miming fellatio, but no, it was just part of some mirthless Russian romp. At the end they all go swimming, and two of the men are briefly seen naked. What larks!

The rest of the show was dire – with the kids lip-synching poorly to taped songs in Russian and miming heavily, repetitiously and very eagerly. The zest with which they sent up the sins of Russia was baffling. Don't these studunts know these harsh jokes at Russia's expense have all been made *before, for decades, inside Russia* and out?

Alastair Macaulay

WHEN so much is on offer, how best to judge the music at the Edinburgh festival? Contrary to the headlines, which busy themselves with the big operatic and orchestral events, the climate is probably most accurately gauged at the recitals. A morning that starts well at the Queen's Hall, the festival's prime recital venue, will be a day on which the sun shines for the visiting music-lover.

Weather report this year: mostly fine so far. A series of five solo vocal recitals has brought together an uncommonly talented group of young singers.

Three have appeared in the festival's opening fortnight; the other two are scheduled for the final week. They promise to be very different musical personalities, but if the ideal young recitalist is one fresh and uncomplicated, the first in the series will have fitted the bill nicely.

The early-morning sunshine shone right through Barbara Bonney's programme. With her bright soprano and unaffected manner, she made songs by Mendelssohn and Grieg effortlessly sparkle.

There is more depth to some of the music she chooses, such as Berg's *Seven Early Songs* and the more brooding of the Richard Strauss, that this essentially bright-eyed, pristine singing can find. It was surprising to find her miss the dewy-eyed delicacy of Strauss's *Ständchen*, too. But within her own scope of interpretation everything works.

Barber's *Hermit Songs*, well accompanied by Geoffrey Parsons, were particularly engaging. This is an unusual series of songs to pre-medieval monastic Irish poetry and Bonney's ability to resoind simply and honestly, without the slightest trace of the sentimental, went to their heart – a shining example of the art that conceals art.

The second to appear was Isabelle Vernet, accompanied by Marie-Jeanne Serero. This French soprano, on whom so many hopes have been pinned, is a more complex proposition by far. Not the least reason for that is the voice itself, a fine, if unpredictable instrument, poorly-focused, uncontrolled at the top, but also saturated in beautiful and sensuous colours. There is operatic potential here without a doubt.

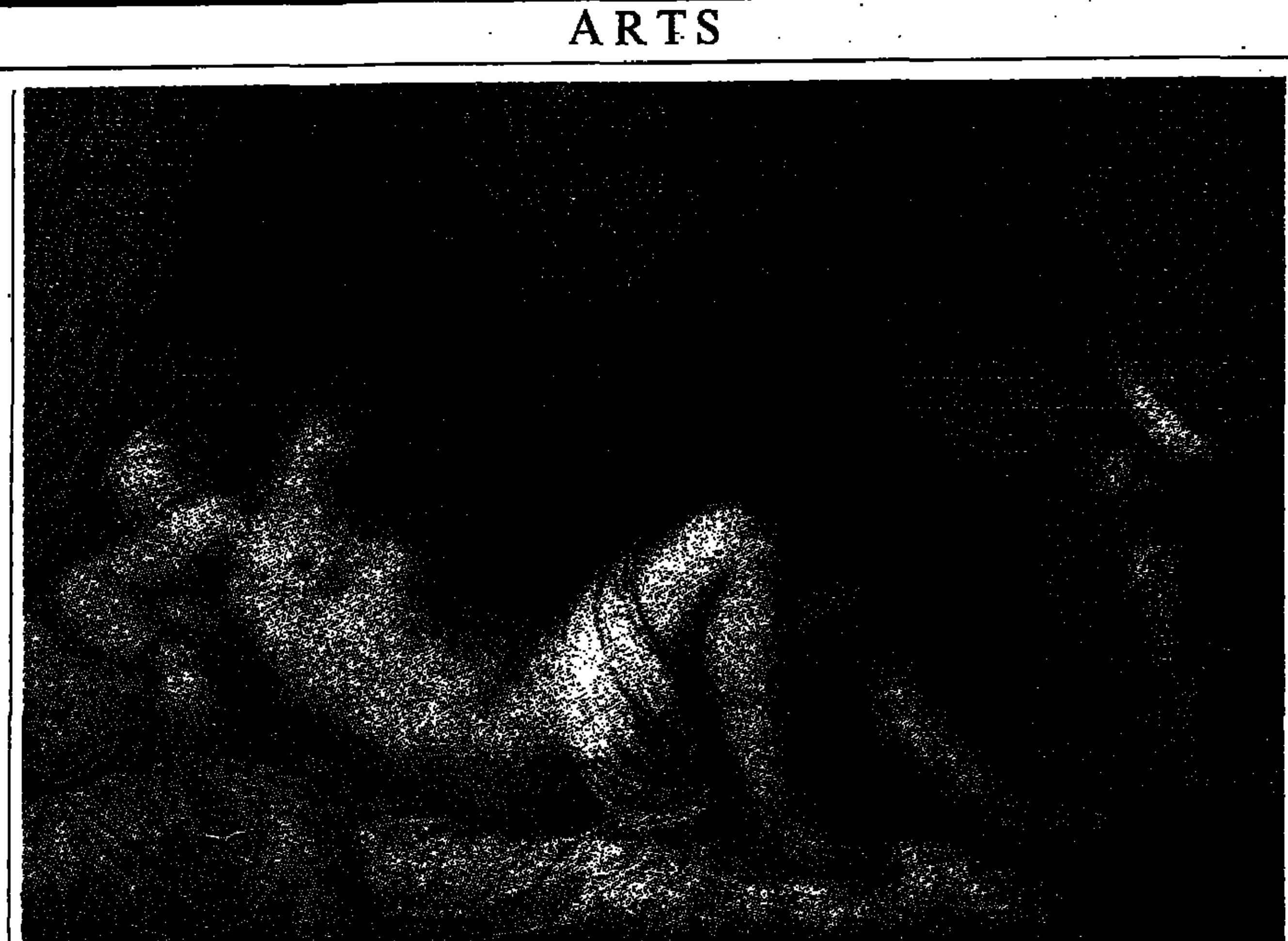
Unfortunately, the young Vernet arrived in Edinburgh with her luggage packed full of ideas from her teacher, the much-loved Régine Crespin. As she made her way through a programme of French songs, including Fauré, Hahn, Ravel's *Shéhérazade* and even Rosenthal's *Fido the dog*, a favourite Crespin encore, there was barely a phrase which was not an echo of her great predecessor. But in replication, all that had been individual originally lost its force. Her love for the songs is not in doubt. The promise is real. Now it is time for the real Miss Vernet to sing out.

The third of the singers, and the most warmly received, was Andreas Schmidt, taking the place of the advertised Uwe Heilmann. Those who have followed this young baritone's career closely say that he, too, used to emulate a certain great Lieder singer.

But his performance of Schubert's *Die schöne Müllerin* was largely free from affectation. This was a scrupulously prepared piece of singing, a bit monochrome, with not much spontaneity, but giving pleasure in the exemplary warmth and roundness of the voice. Schmidt must have worked hard to get the tone sounding so natural on every vowel. Everything essential is already in place for the mature artist to develop at his own pace.

Geoffrey Parsons was again the pianist, offering accompaniments inidividually tailored to Schmidt's requirements, not just off-the-peg support. His frequent presence is another feature that reliably signals a good start to the day.

Richard Fairman



Danaë was Titian's first commission from Alessandro

Graft and painting in 16th century Rome

***Timothy Potts** on a great artistic patron, Alessandro Farnese, who commissioned numerous paintings and buildings*

THE FARNESE were relative newcomers to the courtly circles of 16th-century Rome. But when one of their number – Alessandro Farnese the elder, alias Paul III – managed to attain the papal tiara, he did his utmost to ensure that they were there to stay . For all four grandsons he skilfully negotiated duchies or had them ordained as cardinals.

In the case of his namesake Alessandro this was the only beginning: cardinal at 14, he was appointed a year later vice-chancellor of the Roman Church (a station only second to that of the pope himself). Miriad other honours and benefices followed and with them an income equivalent to one-tenth that of the whole Vatican. Even in Cinquecento Italy this was nepotism on a truly grand scale.

Alessandro liked to boast that he owned the three most beautiful things in Rome: the Gesù, his palace, and his daughter Clelia. That two of these were buildings was no accident. Eager to follow the Farnese's political and ecclesiastical position (he vainly hoped one day to follow in his grandfather's footsteps), Alessandro lavished much of his phenomenal wealth on erecting and decorating his various episcopal residences, especially the Chancelleria, and his private villa outside Rome at Caprarola (a magnificent construction which many contemporaries praised above the Escorial), as well as a vast number of churches and other public monuments.

Titian remarked: "The fame so great of the great Cardinal Farnese resounds in the ears of the world in such a way that no one speaks of anything else" – high praise, even if his tongue may have been silvered by the hope of finally getting paid.

The sack of Rome by the forces of Charles V in 1527 had left much of the city in urgent need of reconstruction, presenting an opportunity for conspicuous piety in which Alessandro was not to be outdone, becoming the most prolific church builder of his day. His crowning commission, designed by Vignola, was the Gesù, the largest holy edifice of the time besides St Peter's and destined to be the blueprint for innumerable Jesuit churches the world over.

Although no connoisseur of painting, Alessandro also made sure that his walls were decorated by the best: Vasari, Salviata, Taddeo and Frederico Zuccaro, Titian and El Greco.

Alessandro seems genuinely to have enjoyed the company of scholars and artists, whom he cultivated and patronised in lavish style – indeed more lavish than many in post-Tridentine Italy thought appropriate.

It was at one of his dinner parties in 1546 that the idea of a series of lives of the great artists was floated. Proposed by Alessandro's artistic mentor of the time, Paolo Giovo, it was another of his guests, Vasari, who was eventually prevailed upon by the assembled concensus to undertake the project – to the eternal gratitude of Renaissance historians ever since.

The life and patronage of Alessandro, from his early interest in the decorative arts (the *Farnese Hours* and *Cassetta Farnese*) through the propagandistic celebrations of Farnese achievement in the palace frescoes to the sacral commissions of his more pious old age are ably expounded and documented, replete with references and editions of the original sources, in Clare Robertson's book.

Despite its handsome, lavishly illustrated appearance, however, the text reads much like the doctorate from which it grew. Dense and comprehensive, its merits are those of scholarship rather than popularisation, a difficult metamorphosis to carry off for even as visual a subject as this.

As the latest wave in a flood of patronage studies over the past 30 years (the watershed was Haskell's classic *Patrons and Painters* of 1963), this offering sounds a rather hollow note. What was patron X's "taste" and how did it evolve? What influence did this have on his commissions?

Alessandro liked to boast he owned the three most beautiful things in Rome: the Gesù, his palace, and his daughter Clelia.

Issues which marked such a novel departure when first explored by Haskell, here have more the hackneyed tone of the examiner's favourite perennials. With Haskell, there was a feeling of important questions which just had not been asked before.

With Robertson, one feels they are addressed from a sense of obligation, devoid of any intuition for what will get to the heart of this particular subject. The answers – "he was generally more concerned with iconography than stylistic issues... His choices of architect... seem to be based on aesthetic criteria, though presumably considerations such as efficiency and speed of execution must also have been important" – are often unsurprising and sometimes unconvincing – "The concern for impressive façades and piazzas in front of his churches... suggests that religious patronage was not simply motivated by piety" – leaving a prevailing feeling of sympathy that so much effort was expended for such slight returns.

So why will we study patrons? Because, Robertson tells us, "we may therefore increase our understanding of the constraints imposed on [the artist] during the process of creation... By isolating such influences the art historian may hope to understand more fully how the work of art was made. This will help us to better appreciate the artist's skill in responding to external limitations."

This is all very well, but it is not done. The artists are never reassessed, the loop is never closed. The early promises are left in an empty and unfulfilled rationalisation. Better surely, and more honest, simply to declare the importance of patronage in its own right to social history and indeed to catholic art history.

As for Alessandro, it is an artist who should properly have the final word, especially when the verdict of of Michaelangelo himself is preserved: "[In France and Italy] you will find private individuals and lords who do not at this moment appreciate painting... like Cardinal Farnese, who does not know what a painting is, but who made very reasonable conditions for Messer Perino [del Vaga], simply so that he could be called his painter... in addition to paying him very well for his works". A patron with more money than sense – what more could an artist ask for?

"Il Gran Cardinale": Alessandro Farnese, Patron of the Arts by Clare Robertson, Yale £35, 323 pages

Off the Wall

Jilted John's comeback

AROUND midnight tonight, the Perrier Pick of the Edinburgh Fringe Award will be presented to one knocked-out comedy performer. Whoever wins will collect £2,000, a London showcase – and the inside track to a television series.

The Perrier is a useful filter, reducing more than 500 Fringe productions to five must-see acts (although this year's show list is more "I might as well pop in" rather than "Give me a ticket or I'll kill you").

The list contains two traditional stand-ups – Jo Brand and Mark Thomas, who both are appearing in the Assembly Rooms. Brand is a balls-breaker whose self-deprecating view of herself is nothing compared with her disdain of men. She reduces them to quivering wimps.

Thomas is a cross between Ben Elton and last year's winner, Frank Skinner. He is not as maniacally right-on as Elton, or as agreeably filthy as Skinner.

I found him too self-satisfied for words; he relished his "this will shock you" routine too much. I can't see the winner in these two.

Steve Coogan and John Thomson are combining their talents at the Gilded Balloon. Both have agreeable caricatures, especially the student-hating drunk of Coogan.

Thomson is totally original as Bernard Manning's alter ego, Bernard Right-On. All the familiar dirty jokes have clean, happy, wholesome endings – weird, but it works.

The outsider is Bruce Morton, who is more a conversationalist than a wit. He digresses at the Rifle Lodge about the Seven Deadly Sins.

It is rather like sitting next to a diverting character at dinner, agreeable rather than transfixing. Morton is probably too minimalist to win, but his show has charm.

Which leaves John Shuttleworth at The Pleasance. Shuttleworth is a dreadful northern comedian, the kind you might find on a Monday night in the least popular club in Batley. He dedicates his dire songs to his wife, Betty, and sings off-key.

He could win the Perrier because he is really Graham Fellows, who knows how successful you can be with rubbish. In 1978, he had a hit in his previous persona, Jilted John.

■■■

HERITAGE minister David Mellor was quick to realise that looking after the arts and sport enabled him to spend the summer swanning around Europe.

This took him from the Barcelona Olympics to the Salzburg and Bayreuth festivals, with the fig-leaf that he was actually working. Hence the quickness of the media to dub him the Minister of Fun.

Now, though, his busman's holiday must come to an end. There are some serious decisions awaiting him on his desk.

The most pressing is the fate of Pitchford Hall in Shropshire, the most famous timber-framed manor house in the country. Christie's has already published the catalogue for the auction of the contents next month and, while a rescue package for the whole estate has been assembled, it has to be approved by Mellor.

Basically, the family has agreed to accept a knock-down price of £1.8m, plus a tax *douceur* on the contents. The National Heritage Fund would dip into its kitty to buy Pitchford and its contents and English Heritage would then maintain it (or, rather, try to find a private tenant who would pay for the upkeep and repair bills).

This is a much cheaper scheme than the earlier National Trust proposal to take on the house if the government supplied the cash for the endowment.

The new chairman of the National Heritage Fund, Lord Rothschild, sees it as a fitting start to his stewardship. So does the new chairman of English Heritage, Jocelyn Stevens, who seems to be continuing the expansionist line of his predecessor, Lord Montagu, and taking on properties which previously would have gone to the Trust.

But Mrs Oliver Colthurst, owner of Pitchford, wants to know now. Unless Mellor approves the rescue plan in the next few days, the auction of the furniture will proceed (the pictures, which offer an unrivalled run of family portraits, may be held back because of their undoubted heritage importance). But Pitchford in its entirety would be lost for ever.

Not only Mrs Colthurst wants a decision. The Heritage Fund needs one just as badly because there is a sudden – and even more pressing – candidate for its limited funds.

Buxton Crescent, in that fine old Georgian spa town in Derbyshire, is in an advanced state of decay. It has been abandoned by its owners: indeed, its actual ownership is in doubt.

The Fund sees the preservation of this 18th century masterpiece as almost a test case for its existence. But it would need to act now, taking with it the local council and, presumably, English Heritage.

Only Mellor could underpin the hefty financial price of preserving Buxton Crescent. His presence is doubly needed.

Antony Thorncroft

Radio

No let-up from America

WHILE the American election is pending, Alistair Cooke's *Letter from America* is extra-interesting. It always *is* interesting, as one of the few items of its kind on BBC radio, the equivalent of the "middles" in the weekly reviews.

Cooke's programme offers the view of the intelligent, well-informed private citizen on current American affairs. Election comment has sparse time on our news bulletins as Bush threatens to intervene in Iraq and the United Nations in Yugoslavia.

But American electors are not likely to imagine that such matters outweigh a presidential election. Alistair Cooke last week not only reported on the polls, he gave background to the polls' significance, with their minute opinion samples.

Both parties, he reckons, are in some awe of the millions of Hispanic and Black voters. The various comments that follow *The World at One* are often good, but an extended programme like *Letter from America* is better. We should have more of such things.

But back at home: Radio 3. The changes cannot be fairly assessed until the Proms are over – and the cricket season. So far nothing has struck me as insupportable, though the new chatty style of the presenters is not to my taste. But a word must be said about the cricket.

There are doubtless folk who need to know, ball by ball, what goes on in the Tests, conceivably others who feel the same about the Texaco Trophy games. I doubt, however, whether the "large new audience for classical music and opera" at whom controller Nicholas Kenyon says he aims really holds that such coverage is worth the loss of so much music.

Why should not Test Matches go on to Radio 5, which happily devoted day after day to the Olympics? True, cricket commentary is slow compared with athletics; but even so, it is not altogether barred from Radio 5. It gets an occasional half-day – sometimes even in competition with Radio 3, for listeners too idle to swap frequencies.

While I am on Radio 3, a good mark for repeating Radio 4's fine reading of Joyce's *Ulysses*, and a bad mark for the Summer Season of drama, which goes on as trivial as ever. *The Lyme Regis Food and Fertility Festival* was John Fletcher's surrealist (sic) joke about provincial arts festivals. It was awful in just the way you would deduce from its title. Shaun MacLoughlin directed.

Not a happy week-end for drama, in fact. Peter Flannery's ambitious *Singer* on Radio 4 on Saturday and Sunday told of Peter Singer (played by Anthony Sher below his optimum calibre), who survived Auschwitz to become a slum landlord in England, where he became rich and influential enough for a knighthood.

The synopsis may have read well, but despite the interposed commentary, there was not enough assurance either in the prison or, in the later scenes, in the Rachmanesque world in London. Michael Fox was the director.

What I thought would be a real novelty was Radio 4's *Keep It Clean*, a serial documentary on Wednesday mornings. I hoped for something like Radio 1's do-good programmes; but no, it was critique. The first programme dealt with soap (and later come aftershave, deodorant, shampoo, handkerchiefs and toilet-paper).

We were reminded what an innovation baths are, even washing itself. Between the wars, there were children sewn into their underclothes for the winter, boys who only took their socks off on Saturdays. In the 18th century there was a tax on soap (Gladstone took it off in 1853).

We have the great William Hesketh Lever to thank for our present position. Lifebuoy soap was not only for washing but for the relief of typhoid, cholera, even carbuncles. Only after the arrival of Camay, did soap become the luxury it is now, turning women's bathrooms into rivals to their drawing-rooms. Next week starts with Old Spice.

B.A. Young

Chess No 938
1 Nh8 Kxe4 2 Kc4 Kf5 3 Kd5 Kf6 4 Qe5 mate.

TELEVISION

SATURDAY

BBC1

6.35 Open University. 7.25 News. 7.30 Hello Spencer. 7.50 Babar. 8.15 The New Lassie. 8.35 The Jetsons. 9.00 Parallel 9.

10.55 Film: Peter Lundy and the Medicine Hat Stallion. A teenager becomes a rider for the Pony Express. Starring Leif Garrett (TVM 1977).

12.27 Weather.

12.30 Grandstand. Introduced by Bob Wilson. Including at 12.35 Football Focus: Previewing the weekend's action. 1.05 News. 1.10 Motor Cycling from Cadwell Park. 1.55 Racing from Goodwood: At 2.00 The March Stakes. 2.05 Showjumping from Hickstead: The Speed Derby. David Bowen, on Delsey, has won this competition for the last two years, and now aims for a hat-trick. Commentary by Stephen Hadley. 2.25 Racing: At 2.30 The Sport on 5 Stakes. 2.35 Showjumping. 3.05 Racing: At 3.10 The Beefeater Gin Celebration Mile. 3.15 Golf – English Open. 3.50 Football Half-Times. 4.00 Golf: Continued coverage. 4.40 Final Score. Times may vary.

5.10 News.

5.20 Regional News and Sport.

5.25 Tom and Jerry Triple Bill.

5.50 Edinburgh Military Tattoo. This year The Tattoo celebrates the 350th anniversary of the Scots Guards in a display of pageantry, music and dance.

6.45 Jim'll Fix It.

7.30 Dad's Army.

8.00 Miss Marple: A Caribbean Mystery. Sent on a recuperative holiday to Barbados, Miss Marple finds the island rather a dull place where nothing seems to occur – until the sun-soaked peace is rudely shattered by a murder. Starring Joan Hickson, and Donald Pleasence.

9.50 News and Sport; Weather.

10.10 Match of the Day. Desmond Lynam is joined by former Liverpool captain Alan Hansen to assess today's Premier League action.

11.10 Film: The Cassandra Crossing. A terrorist infected with a deadly virus boards a transcontinental train. Starring Richard Harris and Sophia Loren with Burt Lancaster, Ava Gardner and Martin Sheen (1977).

1.15 Weather.

1.20 Close.

BBC2

6.40 Open University.

3.00 Film: Gaslight. A man tries to drive his wife insane when she stumbles upon evidence that he is a cold-blooded murderer. Classic thriller, starring Ingrid Bergman and Charles Boyer with Joseph Cotten and Angela Lansbury (1944).

4.50 Golf: English Open. Steve Rider introduces the climax of the second round from the Belfry, Warwickshire.

6.00 Bottom Line Special.

6.45 Personal Details. How easy is it to be a working mother? Using the personal experiences of working mothers, the film reveals some of the economic and political aspects of childcare provision in the UK.

7.15 News and Sport; Weather.

7.30 TVYP – Viewers with Attitude. Young people at the Edinburgh Television Festival are invited to make video reports about the future of British TV. From Panorama to Brookside, the targets are as varied as the views expressed.

8.30 Dancemakers: Jonathan Burrows. A profile of the highly original dancer and choreographer. Starting his career with the Royal Ballet at Covent Garden, he made his mark when he performed his own widely differing pieces. Friends and teachers talk about his work, and the Jonathan Burrows Group perform excerpts from three of his dances.

9.25 Encounters. Continuing the series based on imaginary meetings. When author Sir Arthur Conan Doyle visits a medium, he is amazed to be confronted by his legendary creation Sherlock Holmes. Frank Finlay and Richard E Grant star in David Ashton's fantasy drama.

10.15 Video Diaries. The Man Who Loves Gary Lineker.

11.20 Film: Agnes of God. A psychiatrist becomes embroiled in a murder mystery, involving a young nun who is accused of giving birth and then killing her baby. Thriller, starring Jane Fonda with Anne Bancroft (1985).

1.00 Close.

LWT

6.00 TV-am. 9.25 Film: The Leftovers. 11.10 The Smurfs. 11.30 The Life and Times of Grizzly Adams. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.

1.05 LWT News.

1.10 Starting from Scratch.

1.35 Film: McCloud: New Mexican Connection. Dennis Weaver as cowboy Marshal McCloud arrests a murder suspect and has to deal with a TV journalist on a crusade against police brutality. With Sharon Gless (1972).

3.00 Matlock.

3.55 WCW Worldwide Wrestling.

4.40 ITN News and Results Service followed by National Weather.

5.00 LWT News and Sport with Anna Maria Ashe.

5.05 Cartoon Time.

5.15 The A-Team.

6.10 Catchphrase.

6.40 The Upper Hand. Both Caroline and Charlie discover mistaken identities improve their social lives. Starring Joe McGann and Diana Weston.

7.10 Autumn Preview.

7.15 Film: The Man with One Red Shoe. An innocent man is wrongly targeted for assassination by the CIA. Comedy thriller, starring Tom Hanks, Lori Singer and Dabney Coleman (1985).

8.50 London's Burning Special. Film spectacular prior to next month's new series of fire-fighting escapades. Blue Watch encounters danger when called to a warehouse fire which is raging out of control. Starring James Hazeldine, Samantha Beckinsale and Glen Murphy.

10.20 ITN News; Weather.

10.35 LWT Weather.

10.40 Phil Cool. For the last time in the present series, Phil stars in more stand-up comedy, with sketches and songs. He is joined by Chris Emmett, Sophie Thompson and Jon Glover.

11.10 Wax Acts.

12.10 Spitting Back.

12.40 The Big E; ITN News Headlines.

1.40 Budo Sai.

2.10 Rhythm 'n' Raag.

2.40 New Music.

3.40 Music from the Bridge; ITN News Headlines.

4.05 Indy Car Racing 1991.

5.00 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 10.00 Out of Sight 10.30 Australian Rules Football. 11.30 Quizbowl. 12.00 Teletoons.

1.05 Film: Little Women. Katharine Hepburn stars (1933).

3.15 Racing from Newmarket. Including the 3.20 Philip Cornes Nickel Alloys Nursery Handicap, 3.50 Danepak Bacon Stakes (H'cap), 4.20 Freemason Lodge Handicap, and 4.50 Ladbroke Handicap.

5.05 Brookside.

6.30 The Big 8. The LGS Jets v West of Scotland: Milton Keynes Aces v Capital City Jazz. Introduced by Martin Duffy, with commentary by Simon Reed. With subtitles.

7.00 The World This Week. A special report from the frontline of the war in Nagorno Karabakh, following the Karabakh Defence Force in attempts to counter attacks from the superior Azeri forces. Plus, an interview with Bulgaria's former Communist leader Todor Zhivkov in the week before the verdict is due in the case of embezzlement and corruption against him.

8.00 Kingdom of the Plains. Examining how Kenyan elephants are threatened by poachers. The elephants inhabiting the Tsavo National Park are struggling to survive. The park warden has spent years trying to stop poaching, which is the biggest single threat to these magnificent creatures.

9.00 Court TV: America on Trial. Vermont v Durenleau: Rebecca Durenleau is charged with being an accessory to the murder of her husband – but no-one is being charged with his murder. New York v Henriquez: Alejandro Henriquez is accused of murdering three young females, all of whom he knew. But there were no eyewitnesses to any of the killings. New York v Hampton. David Hampton is charged with harassment of the man who wrote an award-winning play about him.

10.00 Let the Blood Run Free.

10.30 Film: Ju Dou. A woman is brutally beaten by her impotent elderly husband, and begins a tragic affair with his adopted nephew (1990).

12.15 Film: The Ghost Breakers. Starring Bob Hope and Paulette Goddard. A couple face ghosts, crooks and zombies in a haunted Cuban castle (1940).

1.50 The Twilight Zone.

2.45 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
9.25 Song of the South (1946) 11.05 Cartoon Time 11.30 Zorro 1.05 Anglia News 1.40 Chequered Flag 2.10 At the Earth's Core. (1976) 5.00 Anglia News and Sport

CENTRAL:
9.25 Song of the South (1946) 11.05 Cartoon Time 11.30 Zorro 1.05 Central News 1.10 Chequered Flag 1.40 Sandokan the Great (1965) 3.45 Like Father, Like Son 5.00 Central News 5.05 The Central Match – Goals Extra.

CHANNEL:
9.25 Song of the South 11.05 Cartoon Time. 11.30 Blockbusters 1.05 Diary Dates 1.10 Motor Sport Special 1.40 Hatari 4.30 Cartoon 5.00 Channel News 5.05 Puffin's Pla(i)ce

GRAMPIAN:
9.25 Song of the South (1946) 11.05 Cartoon Time 11.30 Lineker and Thorne – Best Mates. 1.05 Grampian Headlines 1.10 Seall. 1.45 Chequered Flag 2.15 Timeslip 4.00 WCW World Wrestling 5.00 Grampian Headlines. 5.05 Cuirm Cloinne

GRANADA:
9.25 Song of the South (1946) 11.05 Cartoon Time 11.30 Zorro 1.05 Granada News 1.10 The Wild North (1951) 3.00 Granada Sports World. 5.00 Granada News 5.10 Granada Goals Extra.

HTV:
9.25 Song of the South. (1946) 11.05 Cartoon Time 11.30 Zorro 1.05 HTV News 1.10 Guernsey Offshore Powerboats 1991. 1.40 Euro Auto Challenge. 2.10 Chequered Flag 2.40 Cartoon Time. 2.50 Sky West and Crooked. (1965) 5.00 HTV News and Sports Results

SCOTTISH:
9.25 Song of the South. 11.05 Cartoon Time. 11.30 Dinosaurs 1.05 Scotland Today. 1.10 Seall 1.40 The Ultimate Stuntman. 2.25 Starting From Scratch 2.55 Sunset Limousine. (TVM 1983) 5.00 Scotsport Results 5.10 Scotland Today. 11.10 Craig, Millar and Cosgrove at the Festival.

TSW:
9.25 Song of the South. (1946) 11.05 Cartoon Time. 11.30 The South West Week. 1.05 TSW News 1.10 The Biggest Bank Robbery. (1980) 3.15 McCloud The Stage is All the World 4.10 This is America, Charlie Brown 5.00 TSW News. 5.05 Gus Honeybun's Cartoontime.

TVS:
9.25 Song of the South (1946) 11.05 Cartoon Time. 11.30 Blockbusters 1.05 TVS News. 1.10 Motor Sport Special. 1.40 Hatari (1962) 4.30 Cartoon. 5.00 TVS News

TYNE TEES:
9.25 Song of the South. (1946) 11.05 Cartoon Time 11.30 Superman. 1.05 Regional News. 1.10 Soccer in the Seventies. 1.40 Chequered Flag. 2.10 The Life and Times of Grizzly Adams 3.10 Tiger of the Seven Seas. (1962) 5.00 Northern Life Sport Special.

ULSTER:
9.25 Song of the South. (1946) 11.05 Cartoon Time. 11.30 Superman. 1.05 Ulster Newstime 1.10 The Mountain Bike Show 1.40 Monster Trucks. 2.25 Charlie, The Lonesome Cougar. (1967) 4.00 WCW World Wrestling. 5.00 Ulster Newstime

YORKSHIRE:
9.25 Song of the South. (1946) 11.05 Cartoon Time. 11.30 Superman. 1.05 Calendar News. 1.10 Cartoon. 1.30 Great Expectations. (1974) 3.45 Baywatch 5.00 Calendar News.

SUNDAY

BBC1

8.50 Playdays. 9.10 News. 9.15 Summer Sunday. 10.00 Sign Extra: The Trojan Mouse.

10.30 Film: Les Miserables. In this version of Victor Hugo's novel, Anthony Perkins plays the detective on the trail of thief and peasant hero Valjean (Richard Jordan) (1978).

12.30 CountryFile. Racism and ethnic minorities in the countryside. Rupert Segar reports on the case of a West Indian woman hounded from her home in a north Yorkshire village; **Weather for the Week Ahead.**

12.55 News.

1.00 The High Chaparral.

2.00 EastEnders.

3.00 Eldorado.

3.30 Film: The Trip to Bountiful. With Oscar-winning actress Geraldine Page. An elderly woman sets out on a journey to her home town before she dies (TVM 1985).

5.15 That's Life Compilation.

5.45 Europe by Design. Tom Vernon discovers how European countries express their ambitions through big building plans, and sees how Barcelona's image was reconstructed for the Olympic Games.

6.15 The Survival Guide to Food. New series. Cheryl Baker examines the causes of food poisoning and looks at ways it can be avoided.

6.25 News.

6.40 Songs of Praise. Pam Rhodes visits Alton Towers, where she talks to young Baptists about homelessness and drug addiction.

7.15 The Two Ronnies.

8.05 Film: Dad. Premiere. Jack Lemmon and Ted Danson play an estranged father and son brought together by a family tragedy. But when the son reawakens his father's zest for life, another disaster looms on the horizon (TVM 1989).

10.00 News and Weather.

10.15 Everyman. Following the religious crisis at the Flat Willow colony in Montana. Everyman uncovers the story behind the Hutterites, one of America's fastest-growing groups, which is now in danger of breaking up. Will a religious dispute destroy their way of life forever.

11.05 Doogie Howser, MD.

11.30 Floggin' a Dead Horse.

12.00 Weather.

12.05 Close.

BBC2

6.35 Open University. 12.00 Eastern Spirit, Western World.

12.30 Sunday Grandstand. Introduced by Steve Rider. At 12.35 Motor Racing: The Belgian Grand Prix. Live coverage from Spa Francorchamps. Commentary by Murray Walker and James Hunt. 2.45 Showjumping: The Hickstead Derby. Commentary by Stephen Hadley. 4.30 Golf: The English Open. Live coverage of the third round from The Belfry. Commentary by Peter Alliss and Bruce Critchley. Times may vary.

6.00 Edinburgh Nights. Comedy duo Trevor and Simon review this year's festival, including the latest news, events and highlights.

6.30 One Man and His Dog.

7.15 The Living Planet. David Attenborough continues his exploration of nature with a look at the largest forest in the world. He discovers deciduous woodland, home to some of the tallest trees on Earth and a magnificent array of birdlife, among which he finds a woodpecker that uses tree sap to fight off attacking snakes.

8.10 A Woman of No Importance. Last programme in the Alan Bennett season. Patricia Routledge's award-winning portrayal of spinster Miss Schofield, whose working life in a small office is cut short by terminal illness. The monologue follows her discovery of the disease, her hospitalisation and her subsequent deterioration.

9.00 Belgian Grand Prix. Highlights of today's race from Spa Francorchamps.

9.50 Autumn on 2. Previewing the new autumn programmes on BBC2.

10.00 Moviedrome. Alex Cox introduces two films based on the theme of "Hollywood as Hell".

10.05 Film: Day of the Locust. Donald Sutherland and Karen Black star in this Hollywood satire. A young artist arrives in Los Angeles, and meets a set of down-and-outs desperate to break into the movies (1975).

12.20 Film: The Big Knife. Drama based on the play by Clifford Odets. Jack Palance plays a movie star with a guilty secret, known only to several close friends. With Ida Lupino, Shelley Winters, Rod Steiger and Wendell Corey (1955).

2.10 Close.

LWT

6.00 TV Am. 9.25 All-American Sports Nuts. 10.20 The Littlest Hobo. 10.45 Link. 11.00 Morning Worship. 12.00 Until the Break of Day. 12.30 pm The Entertainers.

1.00 ITN News; Weather.

1.10 LWT News; Weather.

1.15 Cartoon Time.

1.40 Film: The Parent Trap. Twins join forces to reunite their estranged parents. Comedy drama, starring Hayley Mills (1961).

4.10 Film: Journey to the Centre of the Earth. Adaptation of a classic Jules Verne story about a scientific expedition that discovers a land before time in the bowels of the Earth. Starring Pat Boone and James Mason (1959).

6.00 Haggard. The roguish squire faces the gallows. Can son Roderick and servant Grunge save his neck?

6.30 ITN News; Weather.

6.35 LWT News; Weather.

6.40 Annie Across America. On the last leg of her journey, Anne stops off in Las Vegas and encounters the Wedding Queen who marries couples in a drive-in chapel. She also visits Los Angeles where she hears of the anger which sparked the riots, talks to an evangelist with a motorbike as his pulpit, and a priest whose congregation is dying of Aids.

7.15 Murder, She Wrote. Jessica helps an old friend accused of serving arsenic to the locals in her diner. Angela Lansbury stars.

8.10 Frame the Family.

8.40 Second Thoughts. Faith finds that teaching Hannah to drive is turning her to drink, so Bill, who claims he's a natural, volunteers to take over. With James Bolam and Lynda Bellingham.

9.10 Film: Quincy: A Star is Dead. Jack Klugman stars as the police pathologist.

10.35 ITN News; Weather.

10.50 LWT Weather.

10.55 The Monarchy. A recent Mori poll showed that eight out of 10 people now think the Queen should pay tax, and two-thirds think the Royal Family should not receive as much money as it does. Are the Royals an expensive luxury the country cannot afford?

11.25 TV Squash.

11.55 Film: Panic at Lakewood Manor. (TVM 1977).

1.45 Cue the Music.

2.45 American Music Awards.

4.35 The ITV Chart Show.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.45 Dennis. 11.00 Owl TV. 11.30 Flipper. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.

2.00 Film: On the Riviera. Musical comedy. Danny Kaye plays a nightclub owner persuaded to pose as a local villain (1951).

3.40 Daydreams.

4.00 Robert Schumann: Piano Concerto in A Minor. Maria Joao Pires and the Radio Symphony Orchestra Basle perform in a huge hangar.

4.40 De Falla Harpsichord. Stylised studio performance of a harpsichord piece.

4.55 News.

5.00 Bush Tucker Man. In the last programme of the series, real-life Crocodile Dundee Les Hiddens explores the striking eastern coastline of the Cape York Peninsula.

5.30 Teletoons.

6.30 The Cosby Show.

7.00 Equinox: Unravelling the Universe. Examining a breakthrough in the world of physics – the superstring theory. Most accepted wisdom about the outside world is based on assumptions connected to two theories. But these separate ideas could not be linked – until now.

8.00 Europe Express. Klaus Schwagrzinna visits the Lafoten Islands in Norway where the mink whale is once again an endangered species. Marie Guichoux meets 19-year-old Yolanda Carvajal, who aims to become Spain's first female matador.

8.30 The Real Thing. The last programme in the three-part series examining post-modernism discusses religion. Will Christianity retain its hold on the masses in the post-modern world? Narrated by Zoe Wanamaker and Geoffrey Palmer.

9.30 Go Fishing. John Wilson casts his fishing line in Zimbabwe's Lake Kariba to catch the enigmatic vundu. Last in series.

10.00 Film: Housekeeping. Tongue-in-cheek drama. An unconventional mother brings up her two daughters in a small Montana town in the 1950s. Lahti and Sara Walker star (1987).

12.10 Extreme East.

12.40 Film: The Immigrants (Disha). (1990)(English subtitles).

3.10 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.25 Countrywide. 12.50 Anglia News. 1.10 In the Doghouse. 2.55 Baywatch. 3.55 Airport. 6.35 Anglia News. 10.50 Anglia Weather. 10.55 TV Squash 11.25 The Monarchy 11.55 The Young Riders.

BORDER:
12.30 Gardening Time. 12.55 Border News. 1.10 Chequered Flag 1.40 Dirty Money. (1972) 3.30 Haggard 4.00 Scottish Masters Bowls. 5.00 Scotsport. 6.00 Animal Country. 6.35 Border News 10.55 TV Squash. 11.25 The Monarchy. 11.55 Prisoner: Cell Block H.

CENTRAL:
9.25 Jungle Cat. (TVM 1960) 10.20 Heidi. 12.30 Gardening Time. 12.55 Central News 1.10 Battle for the Planet of the Apes. (1973) 2.45 The Central Match – Live. 5.00 The Life and Times of Grizzly Adams. 6.35 Central News 10.55 TV Squash. 11.25 The Monarchy

CHANNEL:
9.25 Castaway Cowboy. 12.30 Reflections. 12.35 Les Francais Chez-Vous 12.50 Tele-Jornal. 1.10 The Story of Steam. 1.55 Robinson Crusoe. 2.55 Cartoon. 3.15 Sunset Limousine. (1983) 5.00 Family Theatre. 6.35 Channel News 10.55 TV Squash. 11.25 The Monarchy.

GRANADA:
10.20 Heidi. 12.25 Young Up Front. 1.10 The River Thames. 1.40 Botham. 2.30 Shane. (1953) 4.45 Cartoon Time. 5.00 Haggard. 5.30 Coronation Street. 6.35 Granada News 10.55 TV Squash. 11.25 The Monarchy.

SCOTTISH:
9.25 Happy Birthday, Donald. 10.20 Dog Days. 10.45 Heidi 11.15 Link. 11.30 Sunday Service. 12.00 Right or Wrong. 12.30 Journeys. 12.55 Scotland Today. 1.10 Highway to Heaven. 2.05 Foreign Exchange. (TVM 1969) 3.25 The Perfect Woman. (1978) 5.00 Scotsport. 6.35 Scotland Today 10.55 TV Squash. 11.25 The Monarchy. 11.55 Women in Chains.

TSW:
9.25 Jungle Cat. 12.30 TSW Farming Week. 12.55 TSW News. 1.10 The Hidden Land. 2.05 Off the Hook. 2.35 The Life and Times of Grizzly Adams. 3.30 Gus Honeybun's Magic Birthdays. 3.35 Guns at Batasi. (1964) 5.30 The Mountain Bike Show. 6.35 TSW News. 10.50 TSW Weather. 10.55 TV Squash. 11.25 The Monarchy. 11.55 Prisoner: Cell Block H.

TVS:
9.25 Castaway Cowboy. 12.30 TVS News. 12.35 Heidi. 1.10 The Story of Steam. 1.55 Robinson Crusoe. 2.55 Cartoon. 3.15 Sunset Limousine. (1983) 5.00 Family Theatre. 6.35 TVS News. 10.55 TV Squash. 11.25 The Monarchy.

TYNE TEES:
12.25 Northern Life Review. 12.55 Regional News. 1.10 Carry on Up the Jungle. (1970) 2.55 The Back Page. 3.25 Highway to Heaven. 4.25 Around the World in Fifteen Minutes. 4.40 The Frightened Man. (1952) 6.35 Regional News. 10.55 TV Squash. 11.25 The Monarchy. 11.55 Prisoner: Cell Block H.

YORKSHIRE:
9.25 Gullivers Travels. (1983) 12.25 This is America, Charlie Brown. 12.55 Calendar News. 1.10 All-American Sports Nuts. 2.00 Highway to Heaven. 2.55 Your Match – Live. 5.00 Only Joking. 5.30 Haggard. 6.00 Calendar. 6.35 Local Weather. 10.50 Local Weather. 10.55 TV Squash. 11.25 The Monarchy. 11.55 Carry on Dick.

RADIO

SATURDAY

BBC RADIO 2
[...]00 Barbara Sturgeon. 8.05 [...]rian Matthew. 10.00 Anne [...]obinson. 12.00 Mark [...]ymter. [...]00 Howard's Way. 2.00 [...]ounds of the Fifties. 3.00 [...]teve Race. 4.00 Judith [...]halmers' Hi Days and [...]olidays. 5.00 Cinema 2. 5.30 [...]he Movie Quiz. 6.00 If Wet, [...]nder the Pier. [...]00 You Can't Have One [...]ithout the Other. 7.30 [...]atalie Cole in Concert. 8.55 [...]asy Does It. 10.00 Martin [...]elner. 1.00 Charles Nove. [...]00 Barbara Sturgeon. 12.00 News. 12.05 Close.

BBC RADIO 3
[...]55 Weather.
[...]00 Morning Concert.
[...]00 News.
[...]05 Record Release.
[...]35 Bournemouth [...]infonietta.
[...]00 News.
[...]05 Talich Quartet.
[...]15 Gilbert and Sullivan.
[...]25 Debut.
[...]00 Jazz Record Requests.
[...]45 Third Opinion in [...]dinburgh.
[...]00 Susan Kessler.
[...]00 Proms 1992.
[...]45 Ulysses.
[...]05 Old Hall Manuscript.
[...]40 American Piano Music.
[...]40 O Shining Moon.

BBC RADIO 4
6.00 News.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 On the Hour.
10.30 Making Waves.
11.00 Talking Politics.
11.30 From Our Own Correspondent.
12.00 Out of African Skies. Clive Langmead flies with the pilots of the Mission Aviation Fellowship, who provide a lifeline for hospitals and aid workers in remote outposts of Africa.
12.25 The News Quiz.
1.00 News.
1.10 Call to Account.
2.00 Wilko's Weekly.
2.30 Saturday Playhouse.
4.00 Science Friction.
5.00 A Year in Harness.
5.25 Fourth Column.
6.00 News and Sports Round-Up.
6.25 When Harry Met Ally.
6.50 SOS.
7.20 Kaleidoscope.
7.50 Classic Serial.
8.50 Beyond Belief.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 The Gardening Quiz.
10.45 Sitting Targets.
11.00 Tingle Factor.
11.30 Dear Diary.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
8.30 Weekend Edition.
9.30 Get Set.
10.30 Tales of the Texas Rangers.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
5.00 Sports Report.
6.00 Six-O-Six.
7.30 Le Top.
8.00 Afropop Worldwide.
10.00 Sports Bulletin.
10.15 On the Level.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:

6.00 News. 6.30 Londres Matin. 7.00 News; News About Britain; The World Today. 7.30 Meridian. 8.00 Newsdesk. 8.30 As I Recall. 9.00 News; Words of Faith; A Jolly Good Show. 10.00 News; Business Report; Worldbrief. 10.30 Personal View. 10.45 Sports Roundup. 11.00 News Summary. 11.01 Rendez-Vous. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 Meridian. 1.00 News; News About Britain. 1.15 Multitrack 3. 1.45 Sports Roundup. 2.00 Newshour. 3.00 News Summary. 3.01 Sportsworld. 4.00 World News. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News; Travel news; BBC English. 5.30 Londres Soir. 6.14 Letter From America. 6.25 News Summary. 6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German. 8.00 Latin Roots. 8.30 Europe This Weekend. 9.00 News; Personal View; Words of Faith. 9.30 Meridian. 10.00 Newshour. 11.00 News; News About Britain. 11.15 Jazz For The Asking. 11.45 Sports Roundup. 12.00 News; Words of Faith; Book Choice. 12.15 A Jolly Good Show. 1.00 Newsdesk. 1.30 Play Of The Week: Exchange. 3.00 Newsdesk. 3.30 The Invaders Legacy: Latin America 500 Years On. 4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 Business Review. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 John Moffatt. 3.00 Alan Dell. 4.00 Nettle and Markham. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 Martin Kelner. 1.00 Charles Nove. 4.00 Alex Lester.

BBC RADIO 3
6.55 Weather.
7.00 Morning Concert.
9.00 News.
9.05 Brian Kay's Sunday Morning.
12.00 English and Italian Baroque Music.
1.00 News.
1.05 BBC Scottish SO.
1.35 Domus.
3.00 Proms 1992.
5.10 Post of Provence.
6.00 Bach in Perspective.
6.45 San Giovanni Battista.
8.15 Proms 1992.
10.10 Sunday Play.
11.10 Sounds Like Bach?
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.50 David Frost.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
4.00 Circle Dance.
4.30 Good Vibrations.
5.00 Down Your Way.
5.40 Lines of Communication.
6.00 Six O'Clock News.
6.15 Feedback.
6.30 The Standard Setters.
7.00 In Business.
7.30 A Good Read.
8.00 Punters.
8.30 Unsent Letters.
9.00 Natural History Programme.
9.30 Raving.
10.00 News.
10.15 The Adventures of Sherlock Holmes.
11.00 The Board Game. The antidote to executive stress. Recorded at the Industrial Society headquarters in London. The panel includes Peter Day, Alastair Ross Goobey, Janette Rutterford and Nigel Whittaker. Chaired by Nigel Cassidy. Last in series.
11.30 Before the Ending of the Day.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
7.00 Waterlines.
7.30 Weekend Edition.
9.30 Tales from the Perilous Realm.
10.00 Johnnie Walker.
11.30 Fantasy Football League.
12.40 Open Forum.
1.00 Sunday Sport.
6.15 Fantasy Football League Promo.
6.30 Rock Solid.
7.00 Sports Bulletin.
7.10 Open University.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:

6.00 News. 6.30 Londres Matin. 7.00 News; News About Britain. 7.15 Letter From America. 7.30 Jazz For The Asking. 8.00 Newsdesk. 8.30 From Our Own Correspondent. 8.50 Write On. 9.00 News; Words of Faith; Classics with Kay. 10.00 News; Business Review. 10.15 Short Story: Up In Smoke. 10.30 Folk in Britain. 10.45 Sports Roundup. 11.00 News Summary; Science in Action. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 Play Of The Week: Exchange. 2.00 Newshour. 3.00 News Summary. 3.01 Pop On The Line. 3.30 Anything Goes. 4.00 News. 4.15 BBC English. 4.30 News in German; German Features. 5.00 News; Travel News; BBC English. 5.30 Londres Soir. 6.14 Jazz Now And Then. 6.29 News Summary; News in German. 6.40 German Features. 7.54 News in German. 8.00 Modern Masterpiece. 8.30 Europe Tonight. 9.00 News; Folk in Britain; Words Of Faith. 9.30 Brain Of Britain. 10.00 Newshour. 11.00 News; News About Britain. 11.15 Short Story: Up In Smoke. 11.30 Letter From America. 11.45 Sports Roundup. 12.00 News; Business Review; Classics with Kay. 1.00 Newsdesk. 1.30 In Praise Of God. 2.00 News Summary; With Great Pleasure. 2.45 Music From The Age Of Columbus.

CHESS

THE TRADITIONAL masters open sponsored by Lloyds Bank at the Cumberland Hotel, Marble Arch, London, has a history of surprise results. A quarter of the 200 entrants are British Chess Federation juniors, so the challenge to established reputations makes for keenly-fought games.

Both the British champion, Julian Hodgson, and the UK number seven, William Watson, lost in early rounds. Another surprise was this win by a BCF junior against a Dutch grandmaster (A.Mortazavi, White; P. van der Sterren, Black; Queen's Gambit Accepted; Lloyds Bank 1992).

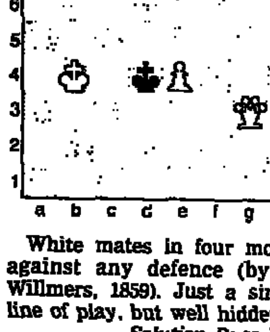
1 Nf3 Nf6 2 d4 d5 3 c4 dxc4 4 e3 e6 5 Bxc4 c5 6 0-0 a6 7 Nc3 b5 8 Bb3 Bb7 9 Qe2 Nbd7 10 Rd1 Qb8 11 a3. The critical move is the sharp 11 d5. Bd6 12 Bc2 cxd4 13 Rxd4 Bxf3?! A hazardous pawn to win when 13...e5 gives Black a good game without risks.

14 Qxf3 Bxh2+ 15 Kh1 Be5 16 Rh4 h5 17 Ne4 Ng4 18 Bd2! A sly move with a point which Black misses. At once 18 Qxg4 hxg4 19 Rxh8+ allows Nf8. Qd8? Here g6! guards the rook with the bishop. 19 Qxg4! g6 Virtual resignation. If hxg4 20 Rxh8+ Nf8 21 Bb4 wins.

20 Qh3 f5 21 Bb4 Rc8 22 Bb3 Rc6 23 Rd1 Qb6 24 f4 Resigns. Black is a piece down with a worse position.

The final three rounds of Lloyds Bank are played this afternoon, Sunday and Monday. Spectator admission is £3 (£1 after 4pm). As in many tournaments, the best place to learn new techniques is in the analysis room where, after the game, the grandmasters and experts debate and probe why they won or lost.

CHESS No 938



White mates in four moves against any defence (by R. Willmers, 1859). Just a single line of play, but well hidden.

Solution Page XVI

Leonard Barden

BRIDGE

TODAY'S HAND comes from Test Your Card Play, number six in the series written by Hugh Kelsey and published by Gollancz (£4.99). There are many instructive deals and, if you really study them, you will find yourself winning more rubbers and netting more of the match points at pairs. Look at this hand:

N
♠ Q 10 4 3
♥ J
♦ K 7 4 2
♣ 10 8 6 5

W
♠ 8 5
♥ A
♦ Q 10 8
♣ K Q J 9 7 3 2

E
♠ J 9 7 6 2
♥ 7 5 4 3
♦ A 9 6
♣ 4

S
♠ A K
♥ K Q 10 9 8 6 2
♦ J 5 3
♣ A

West is the dealer, with both sides vulnerable, and starts the bidding with one club, East replies with one spade on his five points, and South's immediate jump to four hearts concludes the auction. West opens with the king of clubs, which is taken by your ace. You play your king of hearts. West takes with the ace and follows with the club queen, on which the two of spades is discarded by East. What line of play do you suggest?

You have nine tricks on top and dummy's spade queen, if you can get at it, will provide the tenth. Prospects are not good – East must surely hold the diamond ace for his response of one spade, and you will undoubtedly lose three diamonds if you attack the suit yourself.

Probably the best plan is to get East to open up the diamonds for you. With an end-play in mind, you ruff the club queen with the six of hearts, cash the queen and, if West shows out, follow with your 10. Now cash the ace and king of spades and exit with your two of hearts.

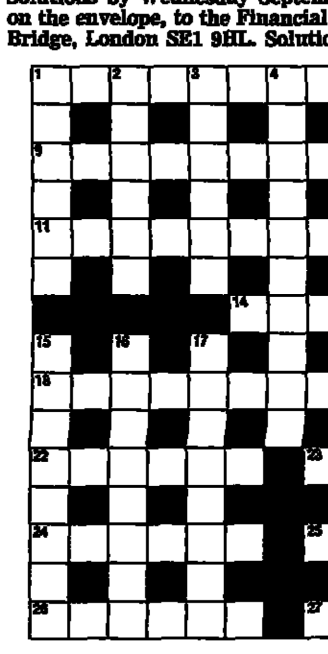
East wins perforce, and must lead back either a diamond or a spade. Whichever he chooses will give you two tricks in exchange for your trump gambit.

E P C Cotter

CROSSWORD

No. 7,938 Set by CINEPHILE

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday September 9, marked Crossword 7,938 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday September 12



Name...

Address...

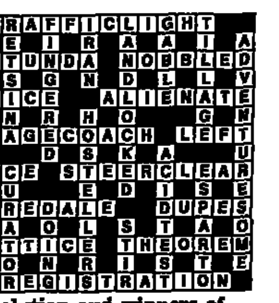
ACROSS

1 Ends of commuting done by the informed (8)
5 Ancient East put in a prize (3-3)
9 One enlightened inmate to have an effect (8)
10 Half journey by back street (French) pepper (6)
11 Reformer comes from Rome, British own (3,5)
12 Vessel draped in Union Jack, perhaps (6)
14 Fools involved with crime are playful (10)
18 The cowardly and the brave are unsuccessful planners at best (4,3,3)
22 Cross part of Beachy Bridge (6)
23 Go out west – farewell to Welsh town (4,4)
24 Shock of discovering non-English amateur? (6)
25 Likely to be capable of investigation? (8)
26 Taxpayer's guide to business sound as a bell? (6)
27 Hairy set swinging out of control (8)

DOWN

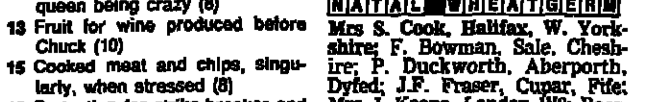
1 Kind of person in colour (6)
2 Country road keeping a rule (6)
3 Careful about teaching heads being weak (8)
4 Reactionary about business, keeping headless frog (10)
6 Words of encouragement to composer – do nothing when climbing in (4,4)
7 Go too far, perhaps, for nothing less than roadside quarrel (8)
8 Cursed euphemistically about queen being crazy (8)
13 Fruit for wine produced before Chuck (10)
15 Cooked meat and chips, singularly, when stressed (8)
16 Protection for strike-breaker and poet (8)
17 Protection for Latin masters of art? (6)
19 Fool takes in outside broadcast of little value (3-3)
20 Incubator's unintelligible talk (6)
21 Groups getting information on time (6)

Solution to Puzzle No.7,937



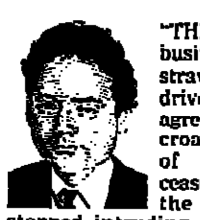
Solution and winners of Puzzle No.7,926

Mrs S. Cook, Halifax, W. Yorkshire; F. Bowman, Sale, Cheshire; P. Duckworth, Aberporth, Dyfed; J.R. Fraser, Cupar, Fife; Mrs J. Keene, London W8; Rosemary Minto, London SE5.



Please leave me alone, Fergie

***Dominic Lawson** wishes the royals would stop interfering with him*



"THIS 'royal tapes' business is the last straw," said my taxi driver, and I had to agree. The ever-encroaching invasion of privacy must cease. It is time that the royal family stopped intruding on our private lives. We may be only subjects but even under a monarchy we have some rights, above all the right to be left alone to lead our private lives in peace and quiet, away from the glare of royal publicity.

The monarch herself, of course, we cannot avoid. Every time we attach a stamp to an envelope we are obliged to lick the back of the Queen's head, as if we were a corgi seeking an approving royal pat. Falling asleep at the end of the day's television on BBC1, one is obliged to wake up and stand to attention as the national anthem is played at full blast by the BBC Symphony Orchestra, whose members, I gather, call the tune "royalties".

Then there are the intrusive royal garden parties. We live near Buckingham Palace, so perhaps I am unduly sensitive. But none of our other neighbours, not even the inhabitants of Victoria's numerous bail hostels, cause as much local disturbance and disruption.

Of course one can leave London to avoid the din around the Palace. We favour the south of France, around St Tropez. But this year the Duchess of York and her financial adviser got there first, and the place now resembles Bedlam-by-the-sea.

I cannot understand why, when members of the royal family can stay in countless castles, all with walls high enough to hide behind and thick enough to soundproof the most amorous affairs, some of their number should still choose to cavort in a way which we cannot help but see, in gruesome colour, all over our servants' newspapers.

Worse still was the return of the errant duchess. Again, perhaps I have been unlucky, but did she and her exuberant friends have to make such a din at Foxtrot Oscar while we were trying to enjoy a quiet dinner next door at Tante Claire?

I suppose the rot started in the 1960s, when the Queen – doubtless following bad advice, rather than acting on her own sound instincts – agreed to make the royal household into media stars with the BBC film *The Family*. Suddenly these remote and austere figures intruded for the first time into our homes, like uninvited house guests.

In recent years this publicity-seeking has developed in a distinctly down-market direction. We had the Duchess of York's characteristically bizarre television promotion, *It's a Royal Knock-Out*, not to mention the interminably over-promoted *Budgie the Helicopter* books.

While the Prince of Wales's publications have been less intrusive, indeed tastefully obscure, it came as a shock to turn on one's television to see the heir to the throne cavorting about in the highlands and islands with the popular TV personality Selina Scott. I would not question the prince's choice of companion – I, too, consider Scott to be a woman of rare beauty and intelligence – but could not the future king have left us in peace, rather than forced us to watch the two of them at peak-time and grind our teeth in envy at his good fortune? To encourage such resentment is to foment revolution and the overthrow of the monarchy.

But, as the taxi driver said, the saga of the royal tapes is the final straw. I have no idea whether the tape purporting to be of the Princess of Wales talking to a male admirer is in fact a recording of the princess's voice or not, and the official line from the palace is that they have no idea either.

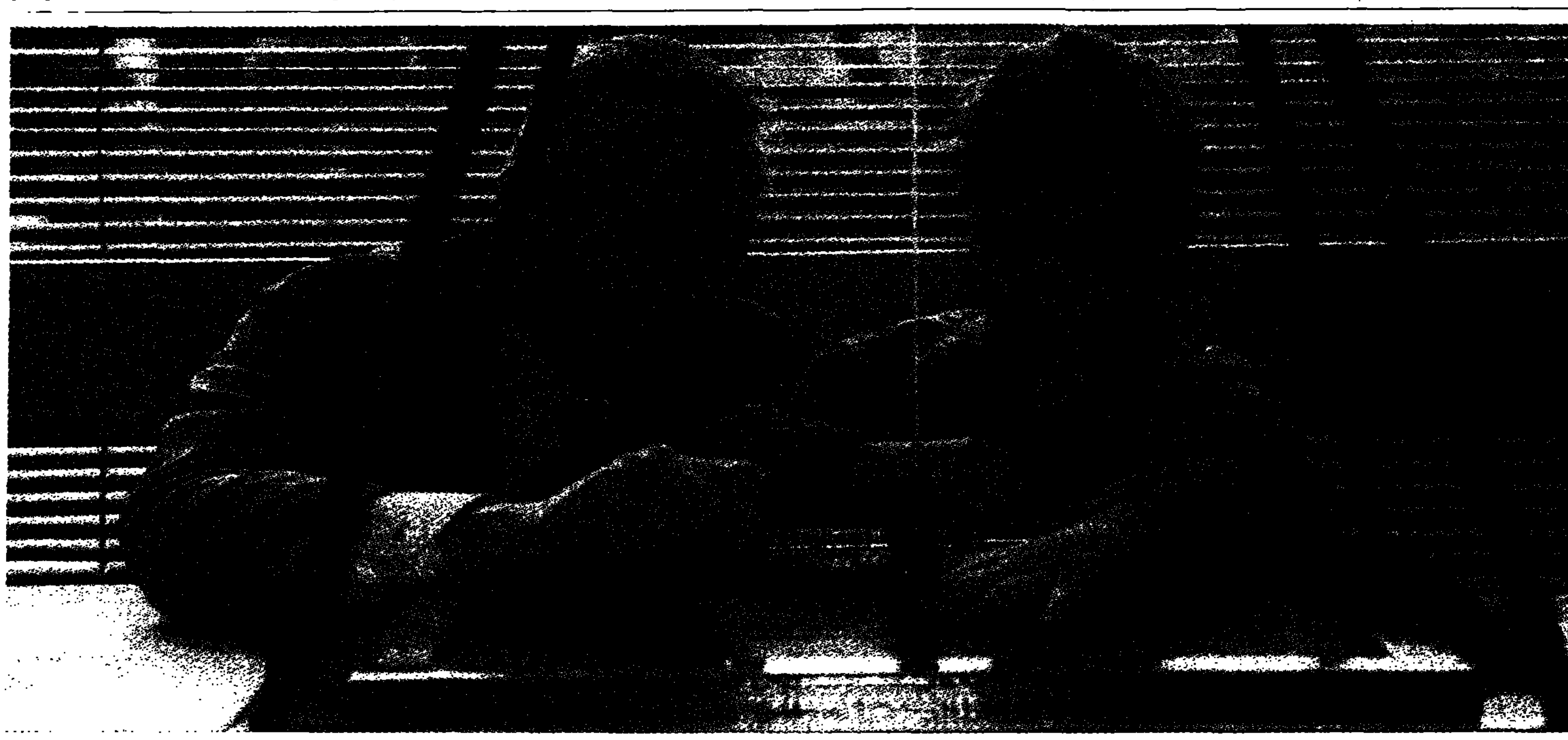
But let us suppose that the tape is genuine, as *The Sun* claims. Surely the royal family with its enormous and untaxed wealth, can afford a private telephone exchange. Surely they realise how easy it is to get a crossed line on British Telecom's outmoded system. How many innocent members of the general public must over the years have suffered the irritation of suddenly hearing snatches of conversation between members of the royal family who ought to know better.

No wonder a retired bank manager, exasperated at having his calls interrupted, finally lost his temper, recorded his latest crossed royal line, and handed it to *The Sun*.

Perhaps this incident will finally teach the royal family their lesson. If they will only go back to their castles, fill their moats, pull up their drawbridges and leave us alone, then we will once again love, cherish and admire them.

God Save The Queen.

■ *Dominic Lawson is editor of The Spectator.*



Ted Giffords

Private View/**Christian Tyler**

The eclipse of the British boffin

Science has lost its appeal. David Attenborough is campaigning to restore its image with children and politicians

IF IT IS true that British scientists are desperate – for money, status, everything – they could not have invented a better advocate than Sir David Attenborough, the television naturalist.

Last week we learned that although the number of schoolchildren in England and Wales doing pre-university A levels went up, the number choosing science or mathematics fell yet again. Why?

A year ago, taking up his 12-month presidency of the British Association for the Advancement of Science, Sir David looked at the opinion polls and concluded that the public regards science as difficult, dull and dangerous. Again, why?

A generation ago, the young bloods of Oxbridge looked contemptuously on science students as boring people in duffle-coats. Is Britain paying now for their contempt?

It was not just for his answers that I went to see David Attenborough this week, but to find out if they are the right questions to ask.

I met him at the British Association's science festival in Southampton University. "Festival" is not the word I should have chosen to describe the scene. The buildings were tatty; the place reeked of penny-pinching and stale sweat. There was nothing to catch the eye or lift the spirit. If this was the public face of British science, I thought, it does have problems.

Sir David, by contrast, was as buoyant and engaging as his television *alter ego*. He wears his dozen medals and 17 honorary degrees lightly, looks much too young for 66 and exudes the kind of animal health which can only come from a lifetime of swinging from trees.

I asked him first about education.

"What is really mysterious is that all children, I'm absolutely convinced, are interested in finding out about the world around them. That's simply another name for science. The question is, why does the educational system or parental system or whatever beat that out of them?"

There cannot be a primary school child in the country, I agreed, who is not a militant saver of whales and protector of rainforests. So what happens to them?

"Schools start off doing a great job," he said. "But when the children reach 13 or 14 and think about earning a living they see there aren't many straightforward science jobs. Then there is the difficulty of science exams. Other courses are a softer touch."

It is easy to see in the so-called "holistic" creed of the New Agers another symptom of anti-science: here are people who condemn science because they fear it, and fear it because they do not understand it. I asked Sir David if he blamed a lack of scholastic discipline – were children just no longer prepared to sit down and learn chemical formulae?

"But you could say the same about French irregular verbs," he retorted.

In Attenborough's case childish curiosity – he was a collector of fossils – developed into an enviable career (though he says he is not a real scientist). He grew up in Leicester, where his father, a university don in Anglo-Saxon, taught him that the way to learn was to find out for himself.

By coincidence, the British association also played a part. Its 1933 conference was held in Leicester and Attenborough, aged seven, fell under the spell of the then president of the Association, the Nobel laureate Sir Frederick Gowland Hopkins, the biochemist who pioneered research into vitamins.

Sir David talked, predictably, about the lack of jobs, government underfunding of the universities and the enormous cost of basic research – a cost which few companies could justify to their shareholders. We discussed the brain drain, Nobel prizewinners, national prosperity and the Japanese.

It was when I suggested that Britain's decline – in science, as in engineering and manufacturing – was historically inevitable and we should not make a fuss about it that he came up with what seemed to me the best case of all.

"Science is an all-pervasive philosophy and body of knowledge which is necessary if we are to understand what goes on in society," he said.

"To be high-flown for a bit: we are all in a democratic society. We are all asked to take decisions which really require some understanding of science as well as coping with daily life in our our high-tech society.

"In my field – conservation and so on – we are asked to make decisions about what our government should do about biodiversity, for example. Everyone gets frightfully steamed up about what biodiversity means. If you're going to urge ministers to do something, you ought to have some basic idea of what you're on about."

Energy generation was another subject the electorate could not afford to remain ignorant about. "Here's another enormous problem, the nature of the dangers involved in nuclear power stations and how they compare with the dangers of using fossil fuels.

"And on top of the whole damn thing, as far as I'm concerned, there is the fact that an understanding of science illuminates your life. It makes it richer. It is a kind of cultural appetite which is just as valid as an appetite for opera."

But if it is so exciting and illuminating why doesn't the Establishment like it more? Why do they go to the opera?

"It's not mutually exclusive."

But why isn't it *chic* to be scientifically literate?

"Ah, well, that's what we're complaining about. Why that is so, I don't know. There is a certain time lag in civilisation, it seems to me. I think a lot of the trouble comes from 50 years ago.

"Fifty years ago, when the war was on, science was the great thing that was going to solve all the problems. And we poured huge sums of money into it. In the newsreels and feature films there was always this man in the white lab coat mixing with the men in gold-braided uniforms. He was the boffin. And it was of the essence of what the boffin did that it was secret, and not for the likes of you and me.

"And of course the government was right because in the war they did produce the answers, most spectacularly with the Bomb.

"Then everyone said: 'Right, that's great! Now we've got all this scientific endeavour, all our problems are over. We've got unlimited power from the atom bomb, the discovery of antibiotics means all diseases are going to be cleared up. The world is our oyster.'

"And what happened? The insecticides which were going to quadruple the output of our fields proved to have poisons which lingered in the ecosystem. Atomic power proved much more expensive and hazardous than we thought. We still haven't found a cure for cancer.

"So everyone said: 'See, there you are, science is bloody hopeless. It makes these great promises, fails to deliver and even when it does deliver the handicaps are disastrous.'

"It's because scientific education has not kept up with these things that people are left with the feeling that the magic tricks no longer work."

Could our lack of scientific education be fatal to us as a species?

Sir David laughed cheerfully. "Well, that's pushing it a bit. I think we will muddle through. What I do think is that it would lead to a society which is unaware of the basis on which it operates: and if you think that society ought to be a democratic one then you're certainly heading for trouble."

■ *CORRECTION: Last week's headline stated that Michael Dummett, Wykeham professor of logic at Oxford, "believes in" the Tarot. As the text made clear, the professor is an expert on the game of Tarot, not a believer in the occult.*

The curious business of male exploitation

***Antony Thorncroft** researches the beefcake niche*

IT IS becoming unbearable. We have been reduced to basics, our bodies used to sell everything from jeans to fragrances, or spread across the pages of garish magazines, or forced to strip off on the West End stage so that the audience can whistle and bray at us like over-heated lemmings. Exploitation of the male has gone too far.

Not since the heroic world of classical Greece, apart from a blip at the time of the Renaissance, has the masculine body been so exposed, so open to view. Visit the cinema: advertisement after advertisement depicts a succession of beautifully-muscled youths.

Escape to the theatre: there are the Chippendales, a score of equally perfect men, paid well to show their all-but in public. Stay at home with a magazine: it could well be *For Women* or *Women on Top* or another of the raft of glossies that strip men bare. Even the Tate Gallery is planning an *Images of Masculinity* show next year.

Why? Why has the male body replaced the female as an object of desire? Explanations are as facile as the expression on the face of a Chippendale. Fear of feminism, or perhaps a genuine distaste for projecting women as sexual objects, has gripped the marketing world. Men are invariably displayed in the media as wimps, and women as the superior breed.

Think of the Mercury commercial with the female executive, power-dressed to her provocative pigtail, sorting out the telephone bill, or the car advertisements which always feature women at the controls. Male nudity is role reversal taken to its logical conclusion.

Or it could be the obsession with the perfect body – aerobics, health clubs, all that Jacuzzi. A well-toned male, pectorals glistening, thighs firm, hairless and hunky, can suddenly seem attractive, and thanks to the fitness craze there are many more of them available. Men feel more beautiful. Then there is the gay element. Plenty of rich homosexuals are in the market for jeans, and for soft porn magazines.

Alternatively, perhaps it is because women have always wanted to gaze at men's bodies but until now have not had the confidence or the cash to pursue their requirements. That is the view of Nicki Pope, publicist for the Chippendales. She sees the current exposure of the male body as fulfilment of a secret want. But do women really get sexual excitement from gazing at perfect men?

A good place to start researching this question is by sussing out the Chippendales, the troupe of American beefcakes which is packing London's Strand Theatre, and which has spawned a shoal of imitators. A visit suggests something different. For a start, it is quite difficult for a man to infiltrate the ritual. Somehow the management ensures that in an audience of 1,000 there might be just three men. Being made to feel an outsider, a foreigner, is chastening.

The women were operating at full throttle. There was one group keeping up a non-stop chorus of "Off, off, off". There was another going "Ugga, ugga, ugga" or so it sounded. There was the odd individual screaming "Show us your willy" – to no avail, for a Chippendale never goes all the way. There is plenty of well-oiled bottom and pelvic thrusting. But a limp air pervades the show.

Not that the girls mind. They are there for a good time, not for sex. They are mainly gathered into the protective security of hen parties, enjoying that important new social event, the girls' night out, when they can egg each other on, let their hair down, get drunk, fall over – behave just like men.

Body talk: a Chippendale struts his (nearly) naked stuff

For all their exuberance, it is mainly bluster. When three girls are allowed on stage to sit on chairs while a Chip strips before them, they turn to stone. "Rip it off," shouts the audience.

But the trio looks sheepish, bemused, almost despairing. An evening at the Chippendales allows women to assume a role, to enjoy a tease, to indulge in the safest of safe sex.

Mind you, they make the show. The Chips are completely lacking in stage presence. They take their glistening, oiled, hairless bodies extremely seriously and do not join in the joke. They act as if the women share their obsession with their bodies. They tease to order, strip for themselves.

If women go to the Chippendales for a laugh, they tend to have a more sombre approach to the men in *Women on Top*, the most explicit of the new magazines and one modelled very much on girlie equivalents. Pages of men, with their knickers around their ankles, arouse more disdain than giggles. The deadness in the faces and the roundness of bodies which suggest a life-style based around the gym and the locker room, have little appeal. Women might buy a copy out of curiosity but not one in my selective survey would subscribe.

The traditionally desirable male characteristics – sense of humour, kindness, personality – keep their grip on women's affections, and these cannot be conveyed on the screen, on the stage, or on paper.

The revival of interest in the male body is a salutary corrective, a marketing development, but its niche in the market seems set to be small and selective.

Saving the royals

Michael Thompson-Noel

THE insouciance of the House of Windsor takes my breath away, leaves me emerald with envy, for insouciance is the quality I rate above all others. I am not talking about the distaff side of the family and their banal cavortings, which should only be of interest to the bungaloid mentality. No, I am talking about the males.

With all the hoo-ha of the past two weeks, you would have thought that the Queen would have grounded the lot of them, confined them to Balmoral, locked them in the snooker room and refused to let them out until they could suggest three good reasons why she *should* let them out.

This she has not done, with the result that each morning they have been filmed by the cameramen scuttling out of Balmoral and up to the slaughtering fields, the moors and the streams, where – I shouldn't wonder – they dynamite the salmon and call in the Royal Air Force to dive-bomb the grouse.

I am not saying that they *do* do, only that they might, though I expect they are fairly sporting and only ask for Vulcans, which can be out-manoeuvred (I have this on authority) by a lightning-witted grouse.

What the Queen needs to realise is that there are numerous folk like me who are broadly in favour of monarchy, whatever its vicissitudes, but who are capable of being nudged in the opposite direction (the guillotine, republicanism) so long as members of her family continue to hunt, shoot and kill; to

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associate themselves with what Tolstoy, speaking of hunting, called "evil legitimised."

So far this summer, Britain's newspapers, pandering to naff elements, have lingered with delight on pool-side romps and sighing princesses – strictly kid's stuff, fodder for the bungaloids.

Only *The Observer*, of the papers I read, has raised its sights to a gamier issue: the legacy of feudalism and the scandal of land use and ownership represented by what Ian Bell, on August 16, called "the Lesser Tweedy Aristocratic Prat in his natural habitat (the grouse moor), *chirruping to his fellows*, preying on the defenceless and strolling about as though he owned the place." Usually he *did* own it; that was the trouble.

It is not just grouse murderers for whom I nurse contempt. I loathe the whole business of hunting and killing. Many years ago, the *FT*'s commodities editor and *his trusty* side-kick used to lie in wait for me in a dive close to the office where occasionally we repaired at the end of a strenuous day. They would buy me a cocktail. Then they would mention whaling, of which they greatly approved. Whales were a *resource* which floated around the oceans in order to be *harvested*. They knew that whaling sickened me. But my boiling point was low. They would drive me into emotionalism. It was very cleverly done. So I never won the argument. I would start to weep and shout. A taxi would have to be ordered; home I would be sent.

I am now older and wilier. I *totally* eschew cocktails. My head is always clear. My boiling point has soared. And I am much better read, so that I am starting to win arguments whenever my path tangles with that of the nerds and twerps who play any sort of killing game.

The Killing Game is the title of the best, most venomous essay on hunting you will ever need to read. It was written by Joy Williams and appears in *The Best American Essays 1991* (Ticknor & Fields).

At the end of her essay, Williams says that "hunters' self-serving arguments and lies are becoming more preposterous as non-hunters awake from their long, albeit troubled, sleep . . . Hunters are persecutors of nature *who* . . . *wield* a disruptive power out of all proportion to their numbers . . . Every year less than 7 per cent of the (US) population turn the skies into shooting galleries and the woods and fields into abattoirs. It's time to stop actively supporting and passively allowing hunting, and time to stigmatise it. It's time to stop being conned and cowed by hunters . . . time to stop thinking of wild animals as 'resources' and 'game,' and time to start thinking of them as sentient beings that deserve our wonder and respect . . . Hunters make wildlife *dead, dead, dead* . . . As for the hunters, it's long past check-out time."

I shall run off some copies and send them to Balmoral. A gesture like that could help save the House of Windsor.

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